Saudi Manpower Solutions Company (SMASCO)

Offering Period: Two days (2)

Starting on 18/11/1445H (corresponding to 26/05/2024G)

Ending on 19/11/1445H (corresponding to 27/05/2024G)

A Saudi closed joint stock company established pursuant to Ministerial Resolution No. (128/Q), dated 3 Rabi' al-Thani 1433H (corresponding to 25 February 2012G), with Commercial Registration No. 1010331000, dated 12 Rabi' al-Thani 1433H (corresponding to 5 March 2012G).

An Offering of one hundred and twenty million (120,000,000) ordinary Shares representing thirty per cent. (30%) of the share capital of Saudi Manpower Solutions Company (SMASCO) through an initial public offering at an offer price of Seven and a half Saudi Arabian Riyals (SAR 7.5) per Share.

Saudi Manpower Solutions Company (SMASCO) (hereinafter referred to as the "**Company**" or the "**Issuer**") is a Saudi closed joint stock company incorporated pursuant to Ministerial Resolution No. (128/Q), dated 3 Rabi' al-Thani 1433H (corresponding to 25 February 2012G), with Commercial Registration No. 1010331000, dated 12 Rabi' al-Thani 1433H (corresponding to 5 March 2012G) issued in Riyadh, Kingdom of Saudi Arabia (the "**Kingdom**"). The Company's headquarter and registered office are located at Al Olaya Street, Al Ghadeer District, P.O. Box 91279, Riyadh 13311, Kingdom of Saudi Arabia. As of the date of this Prospectus, the share capital of the Company is four hundred million Saudi Arabian Riyals (SAR 400,000,000), divided into four hundred million (400,000,000) ordinary shares, with a fully paid nominal value of one Saudi Arabian Riyal (SAR 1) per share (the "**Shares**").

Saudi Manpower Solutions Company (SMASCO) was established as a joint stock company pursuant to Ministerial Resolution No. (128/Q), dated 3 Rabi' al-Thani 1433H (corresponding to 25 February 2012G), with Commercial Registration No. 1010331000, dated 12 Rabi' al-Thani 1433H (corresponding to 5 March 2012G), with a capital of one hundred million Saudi Arabian Riyals (SAR 100,000,000), divided into ten million (10,000,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share. Pursuant to the General Assembly's resolution dated 22 Rabi' al-Thani 1441H (corresponding to 19 December 2019G), the capital of the Company was increased from one hundred million Saudi Arabian Riyals (SAR 100,000,000) to three hundred million Saudi Arabian Riyals (SAR 300,000,000), divided into thirty million (30,000,000) shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share through the capitalisation of two hundred million Saudi Arabian Riyals (SAR 200,000,000) from retained earnings. Pursuant to the General Assembly's resolution dated 29 Rabi' al-Awwal 1442H (corresponding to 15 November 2020G), the capital of the Company was increased from three hundred million Saudi Arabian Riyals (SAR 300,000,000) to four hundred million Saudi Arabian Riyals (SAR 400,000,000), divided into forty million (40,000,000) shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share through the capitalisation of one hundred million Saudi Arabian Riyals (SAR 100,000,000) from retained earnings. Pursuant to the General Assembly's resolution dated 15 Jumada al-Ula 1443H (corresponding to 19 December 2021G), the Board of Directors was authorised to transfer the Company's ownership in Saudi Medical Services Company (Adeed) and Saudi Facilities Management Company (Saudi Marafiq) to Al Holoul Al Mutakamela Holding Company (a company that owns 70 per cent. of the Company's Shares as of the date of this Prospectus). On 30 Shawwal 1443H (corresponding to 31 May 2022G), the Board of Directors decided to acquire Romoz Development Company for Communications and Information Technology Company and Terhab Customer Experience Company Limited (two companies that were originally established by the Company in 2020G, and the ownership stake of the Company was transferred to Al Holoul Al Mutakamela Holding Company in 2021G). On 16 Jumada al-Akhirah 1444H (corresponding to 11 December 2023G) and on 12 Rajab 1444H (corresponding to 12 February 2023G), The Board of Directors decided to transfer the Company's ownership in Esnad for Building and Housing Cleaning Services Company and Areeb Human Resources Company to Al Holoul Al Mutakamela Holding Company (for further details, see Section 4.6 (*Company's Key Historical Changes*) and Section 4.7 (*Subsidiaries*)). Pursuant to the Shareholders' Resolution dated 9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G), the Company's Shares were each split into 10 Shares of equal value, bringing the total number of shares to four hundred million (400,000,000) ordinary Shares with a fully paid nominal value one Saudi Arabian Riyal (SAR 1) per Share. For further details, see Section 4.5 (*Corporate History and Evolution of Capital*).

As of the date of this Prospectus, the Company's share capital is four hundred million Saudi Arabian Riyals (SAR 400,000,000), divided into four hundred million (400,000,000) ordinary shares, with a fully paid equal nominal value of one Saudi Arabian Riyal (SAR 1) per share.

The initial public offering of the Company's Shares (the "**Offering**") will consist of one hundred and twenty million (120,000,000) ordinary Shares (collectively, the "**Offer Shares**" and each an "**Offer Share)**". The Offering price will be Seven and a half Saudi Arabian Riyals (SAR 7.5) per Offer Share (the "**Offer Price**"), with each Offer Share carrying a fully paid nominal value of one Saudi Arabian Riyal (SAR 1) 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 entitled 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**") this includes investment fund, qualified foreign companies and institutions, Gulf company investors, and other foreign investors under swap agreements) (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 is one hundred and twenty million (120,000,000) Offer Shares, representing one hundred per cent. (100%) of the Offer Shares. The final allocation will be made after the end of the Individual Subscribers' subscription (as defined in Tranche (B) below), using the discretionary allocation mechanism by the Financial Advisor (as defined in Section 1 (*Definitions and Abbreviations*)) in coordination with the Company. The Financial Advisor shall have the right, if there is sufficient demand by Individual Subscribers and in coordination with the Company, to reduce the number of Offer Shares allocated to Participating Entities to one hundred and eight million (108,000,000) Offer Shares, representing ninety per cent. (90%) of the Offer Shares.

Tranche (B) Individual Subscribers: 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 a Receiving Agent and the right to open an investment account with a Capital Market Institution or those who have an active portfolio with SNB Capital Company in the event of subscription through SNB Capital Company (the "**Individual Subscribers**" and each an "**Individual Subscriber**", and any such Individual Subscriber 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 twelve million (12,000,000) Offer Shares representing ten per cent. (10%) of the total Offer Shares shall be allocated to Individual Subscribers. If the Individual Subscribers do not subscribe in full to the Offer Shares allocated to them, the Financial Advisor may in coordination with the Company reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares subscribed by them.

Prior to the Offering, the Company's current Shareholders as shown in Table 5.1 (*Direct Ownership Structure of the Company Pre- and Post-Offering*) own all the Shares of the Company. Upon completion of the Offering, the current Shareholders will own seventy per cent. (70%) of the Shares and will consequently retain a controlling interest in the Company. After deducting the Offering expenses from the Offering proceeds (the "**Offering Proceeds**"), the resulting net Offering Proceeds (the "**Net 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 (they are all current Shareholders except Abdullah Nasser Abdullah Al Dawood, Mohamed Sulaiman Ibrahim Al Sabti and Nawat Real Estate Investment Company) (the "**Selling Shareholders**"). 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*)). Substantial shareholders 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 starting from the date of commencement of trading of the Company's Shares on the Saudi Exchange ("**Tadawul**" or the "**Exchange**") (the "**Lock-up Period**"). Following the end of the Lock-up Period, substantial shareholders may dispose their Shares. The Company has four substantial Shareholders (i.e., those who own five per cent. (5%) or more of the Company's share capital prior to the Offering), namely Al Holoul Al Mutakamela Holding Company, Rafid Advanced Investments Company, Mohammad Abdulaziz Al Habib and Sons Holding Company and Maalem Al Masa Real Estate Company (the "**Substantial Shareholders**"). Table 2 (*The Substantial Shareholders and Their Ownership in the Company Pre- and Post-Offering*) sets out their ownership in the Company's capital. Following the end of the Lock-up Period, the Substantial Shareholders may dispose of their Shares.

The Offering for Individual Subscribers will commence on 18/11/1445H (corresponding to 26/05/2024G) and will remain open for a period of two (2) days up to and including the closing day on 19/11/1445H (corresponding to 27/05/2024G) (the "**Offering Period**"). Subscription to the Offer Shares by the Individual Subscribers can be made through the internet, automated teller machines ("**ATMs**"), or other electronic channels offered by the Receiving Agents (the "**Receiving Agents**") listed on page (viii) to their clients (for further details, see Section 17 (*Subscription Terms and Conditions*)). Participating Parties can bid for the Offer Shares through the Bookrunner within the book-building period before the Shares are offered to the Individual Subscribers.

Each Individual Subscriber 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 million five hundred thousand (2,500,000) Offer Shares. The minimum number of allocated Offer Shares will be ten (10) Offer Shares per Individual Subscriber, and the balance of the Offer Shares, if any, will be allocated on a pro rata basis on the number of Offer Shares applied for by each Individual Subscriber. If the number of Individual Subscribers exceeds one million and two hundred thousand (1,200,000), the Company will not guarantee the minimum allocation. The Offer Shares will be allocated at the discretion of the Financial Advisor in coordination with the Company. Excess subscription monies, if any, will be refunded to the Individual Subscribers without any charge or withholding by the relevant Receiving Agents. The final allocation shall be announced no later than 26/11/1445H (corresponding to 03/06/2024G) and any excess subscription monies will be refunded no later than 04/12/1445H (corresponding to 10/06/2024G) (for further details, see "*Key Dates and Subscription Procedures*" on page (xiv) 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**") and each Shareholder is entitled to delegate any individual, but not a Director, as their proxy for voting. No Shareholder benefits from any preferential voting rights. The Offer Shares will entitle their holders to receive dividends declared by the Company starting on 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 Initial Public 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 listing of the Shares on the Exchange. This Prospectus has been approved and all required documents have been submitted to the relevant authorities. All requirements have been met and all 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 necessary conditions and procedures (for further details, see "*Key Dates and Subscription Procedures*" on page (xiv)). 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 their trading starts on the Exchange. Moreover, Qualified Foreign Investors and Strategic Foreign Investors will be permitted to trade in the Shares in accordance with the Rules for Foreign Investment in Securities (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 licenced 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 Institution will be the registered legal owner of such Shares. Moreover, other Foreign Investors which are clients of a Capital Market Institution authorised by the CMA to conduct managing activities will be permitted to trade in the Shares in accordance with the Rules for Foreign Investment in Securities, provided that the Capital Market Institution has been appointed on conditions that enable it to make all investment decisions on the client behalf without obtaining prior approval from the client.

Investment in the Offer Shares involves certain risks and uncertainties. For a discussion of the 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.

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 CMA and the application for the listing of securities in compliance with the requirements of the Listing Rules of the Saudi Exchange. The Directors, whose names appear in this Prospectus, 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, do not 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.

Financial Advisor, Lead Manager, Bookrunner and Underwriter

SNB Capital

Receiving Agents

SNB

مصرف الراجحي alrajhi bank

SNB Capital

This Prospectus is dated 1 Ramadan 1445H (corresponding to 11 March 2024G)

سماسكو
SMASCO

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.smasco.com), the CMA (www.cma.org.sa), the Exchange (www.saudiexchange.sa), or the Financial Advisor (www.alahlicapital.com).

With respect to the Offering of shares for public subscription, SNB Capital Company has been appointed by the Company as the financial advisor (the "**Financial Advisor**"), the lead manager (the "**Lead Manager**"), the underwriter (the "**Underwriter**") and the bookrunner (the "**Bookrunner**") (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 and the Listing Rules of the Exchange. The Directors, 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 none of the Company, the Selling Shareholders, the Financial Advisor or any of the Company's other advisors, whose names appear on pages (vi) to (vii) 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, none of the Company, the Selling Shareholders or any of the Advisors have independently verified such information.

The information contained in this Prospectus as of the date hereof is subject to change. In particular, the 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 economic, political and 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 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-licenced 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 on 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 be accepted only by:

Tranche (A): Participating Parties comprising the parties entitled 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 Subscribers 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 a Receiving Agent and the right to open an investment account with a Capital Market Institution or those who have an active portfolio with SNB Capital Company in the event of subscription through SNB Capital Company. 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. For further details, see Section 17 (*Subscription Terms and Conditions*).

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited, except for sales to 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. 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 Subscribers and Participating Entities should 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 related 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 Overview*) is derived from the market report (the "**Market Report**") dated 16 Rabi al-Thani 1445H (corresponding to 31 October 2023G) prepared by Arthur D. Little Saudi Arabia (the "**Market Consultant**") exclusively for the Company. The Market Consultant is an independent third party provider of consulting services related to strategic market research. For further details about the Market Consultant, visit its website (www.adlittle.com.sa).

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

Neither the Market Consultant, nor 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 Consultant has given, and not withdrawn, its written consent to the use of its name, logo, statement 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 Overview*) by the Market 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 Consultant is only providing market research; the information provided by it 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 Section 3 (*Market Overview*), including those derived from public sources or provided by the Market 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 Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the reviewed interim financial statements for the nine-month period ended 30 September 2023G were 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**"). The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G were audited by Baker Tilly MKM & Co Company and the reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G were reviewed by Dr. Mohamed Al-Amri & Co. (hereafter referred to as the "**Auditors**"). Such financial statements are contained in Section 19 (*Financial Statements and Auditors' Report*). The Company prepares its financial statements in Saudi Arabian Riyals. The financial information for the nine-month period ended 30 September 2022G was extracted from comparative figures for 2023G contained in the reviewed interim financial statements for the nine-month period ended 30 September 2023G.

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

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

FORECASTS AND FORWARD-LOOKING STATEMENTS

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. Since future operating conditions may differ from the assumptions used, 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 negative 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 further 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 completion of the Offering it 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 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 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.

CORPORATE DIRECTORY

Company's Board of Directors

In accordance with the Company's Bylaws, the Company is managed by a Board of Directors comprised of nine members elected by the Ordinary General Assembly for a period not exceeding four years. The current term of the Board of Directors began on 9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G) and will end on 22 Thul-Hijjah 1448H (corresponding to 28 May 2027G). The following table shows the details of the members of the Board of Directors:

Table 1: Company's Board of Directors

Name	Position	Nationality	Status	Direct Share Ownership		Indirect Share Ownership (1)		Date of Appointment (2)
				Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
Fahad Ali Mohammed Al Mehedb	Chairman	Saudi	Non-Executive	-	-	-	-	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G)
Saad Nahar Baddah Al Mutairi (3)	Vice Chairman	Saudi	Non-Executive	-	-	6.439%	4.394%	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G)
Fahad Zwaid Melfi Al Mutairi (4)	Director	Saudi	Non-Executive	-	-	2.100%	1.430%	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G)
Hesham Hasan Saleh Atieh	Director	Jordanian	Non-Executive	-	-	-	-	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G)
Abdullah Abdulaziz Abdullah Al Kanhal	Director	Saudi	Independent	-	-	-	-	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G)
Saleh Mohamed Abdulaziz Alhabeeb (5)	Director	Saudi	Non-Executive	-	-	0.044%	0.031%	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G)
Majed Abdullah Ibrahim Alkuraydis	Director	Saudi	Non-Executive	-	-	-	-	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G)
Khalid Mohammed Abdullah Al Sharif	Director	Saudi	Independent	-	-	-	-	14 Jumada al-Ula 1445H (corresponding to 28 November 2023G)
Zeyad Abdulqadir Saleh Al Toumi	Director	Tunisian	Independent	-	-	-	-	14 Jumada al-Ula 1445H (corresponding to 28 November 2023G)

Source: The Company.

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

(2) The dates in this table are the dates of appointment of each member on the Board of Directors as appointed by the General Assembly. The biographies of the Board members below indicate the dates of appointment of each Board member in the Board of Directors or to any other position.

(3) Saad Nahar Baddah Al Mutairi directly owns 4,600,000 shares in Al Holoul Al Mutakamela Holding Company (representing approximately 9.200 per cent.. of its total shares), which in turn directly owns 280,000,000 Shares in the Company (representing 70.000 per cent.. of the Company's total shares). As a result, Saad Nahar Baddah Al Mutairi indirectly owns approximately 25,760,000 Shares in the Company before the Offering, which represents approximately 6.439 per cent. of the Company's total Shares.

(4) Fahad Zwaid Melfi Al Mutairi directly owns 1,500,000 shares in Al Holoul Al Mutakamela Holding Company (representing approximately 3.000 per cent. of its total shares), which in turn directly owns 280,000,000 Shares in the Company (representing 70.000 per cent. of the Company's total Shares). As a result, Fahad Zwaid Melfi Al Mutairi indirectly owns approximately 8,400,000 Shares in the Company before the Offering, which represents approximately 2.100 per cent. of the Company's total Shares.

(5) Saleh Mohamed Abdulaziz Alhabeeb directly owns 1,349,191 shares in Tharawat Al Mostaqbal First Investment Company (representing approximately 11.557 per cent. of its total shares), which directly owns 10,194,188 shares in Mohammed Abdulaziz Al Habib and Sons Holding Company (representing approximately 7.722 per cent. of its total shares), which in turn owns 20,000,000 Shares in the Company (representing 5.000 per cent. of the Company's total Shares). As a result, Saleh Mohamed Abdulaziz Alhabeeb indirectly owns approximately 178,511 Shares in the Company before the Offering, which represents approximately 0.044 per cent. of the Company's total Shares.

The Secretary of the Board of Directors is Adnan Abdallah Mohamed Ali, who was appointed pursuant to a resolution of the Board of Directors dated 10 Thul-Qi'dah 1444H (corresponding to 30 May 2023G). For a summary of his biography, see Section 5.2.4.10 (*Adnan Abdallah Mohamed Ali, Board Secretary*).

COMPANY'S REGISTERED ADDRESS, REPRESENTATIVES, BOARD SECRETARY

Company	
Saudi Manpower Solutions Company (SMASCO)	
Al Olaya Street, Al Ghadeer District	
P.O. Box 91279	
Riyadh 13311	
Kingdom of Saudi Arabia	
Tel: + 966 920020422	
Fax: + 966 114532025	
Website: www.smasco.com	
E-mail: info@smasco.com	
Company's Representatives	
Majed Abdullah Ibrahim Alkuraydis	**Adnan Abdallah Mohamed Ali**
Member of the Board of Directors	Secretary of the Board of Directors and the Chief Financial Officer
Al Olaya Street, Al Ghadeer District	Al Olaya Street, Al Ghadeer District
P.O. Box 91279	P.O. Box 91279
Riyadh 13311	Riyadh 13311
Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Tel: + 966 920020422 Ext: 7551	Tel: + 966 920020422 Ext: 105
Website: www.smasco.com	Website: www.smasco.com
E-mail: malkuraydis@Alfaisaliah.com	E-mail: aali@smasco.com
Secretary of the Board of Directors	
Adnan Abdallah Mohamed Ali	
Secretary of the Board of Directors and the Chief Financial Officer	
Al Olaya Street, Al Ghadeer District	
P.O. Box 91279	
Riyadh 13313	
Kingdom of Saudi Arabia	
Tel: + 966 920020422 Ext: 105	
Website: www.smasco.com	
E-mail: aali@smasco.com	

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 92 000 1919
Fax: + 966 (11) 218 9133
Website: www.saudiexchange.sa
E-mail: csc@saudiexchange.sa

Share Register
Securities Depository Center Company (Edaa)
Tawuniya Towers
King Fahad Road, Al Olaya 6897
Unit No. 11
Riyadh 12211- 3388
Kingdom of Saudi Arabia
Tel: + 966 92 002 6000
Website: www.edaa.com.sa
E-mail: cc@edaa.com.sa

ADVISORS

Financial Advisor, Lead Manager, Bookrunner and Underwriter
SNB Capital Company
SNB Capital Company Regional Building - King Saud Road
P.O. Box 22216
Riyadh 11495
Kingdom of Saudi Arabia
Tel: +966 (92) 0000232
Fax: +966 (11) 4060052
Website: www.alahlicapital.com
E-mail: snbc.cm@alahlicapital.com

Legal Advisor to the Issuer
STAT Law Firm
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

Ernst & Young Professional Services
Al Faisaliah Tower, 14th Floor
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia
Tel: +966 (11) 215 9898
Fax: +966 (11) 273 4730
Website: www.ey.com
E-mail: ey.ksa@sa.ey.com

Market Consultant

Arthur D. Little Saudi Arabia
Office 502, 5th 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: ADL.ProjectSaturn@adlittle.com

Company's Auditor for the financial years ended 31 December 2020G, 2021G, and 2022G

Baker Tilly MKM & Co
Suite No. 1
Othman Bin Affan Road
P.O. Box 300467
Al Taawoun, Riyadh 1276 - 4260
Kingdom of Saudi Arabia
Tel: +966 (11) 8351600
Fax: +966 (11) 4556915
Website: www.bakertillyjfc.com
E-mail: habufarha@bakertillyjfc.comm

Company's Auditor for the nine-month period ended 30 September 2023G

Dr. Mohamed Al-Amri & Co.
Al Sulaimi Commercial Centre
Prince Mohammed Bin Fahd Road
P.O. Box 7676
Dammam 32451 - 4120
Kingdom of Saudi Arabia
Tel: +966 (13) 8344311
Fax: +966 (13) 8338553
Website: www.alamri.com
E-mail: g.alamri@bdoalamri.comm

Note: All of the abovementioned 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 none of them, 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

Saudi National Bank

King Fahd Road - Al Aqeeq District - KAFD

Kingdom of Saudi Arabia

P.O. Box: 3208 Unit No.: 778

Tel: +966 (92) 0001000

Fax: +966 (92) 4060052

Website: www.alahli.com

E-mail: contactus@alahli.com

Alrajhi Bank

King Fahad Road - Al Muruj District

Riyadh 11411

Kingdom of Saudi Arabia

Tel: +966 (11) 828 2515

Fax: +966 (11) 279 8190

Website: www.alrajhibank.com.sa

E-mail: contactcenter1@alrajhibank.com.sa

SNB Capital Company

SNB Capital Company Regional Building - King Saud Road

P.O. Box 22216

Riyadh 11495

Kingdom of Saudi Arabia

Tel: +966 (92) 0000232

Fax: +966 (11) 4060052

Website: www.alahlicapital.com

E-mail: snbc.cm@alahlicapital.com

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 should 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.

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	The Saudi Manpower Solutions Company (SMASCO) was established as a joint stock company pursuant to Ministerial Resolution No. (128/Q), dated 3 Rabi' al-Thani 1433H (corresponding to 25 February 2012G), and pursuant to Commercial Registration No. 1010331000, dated 12 Rabi' al-Thani 1433H (corresponding to 5 March 2012G), with a capital of one hundred million Saudi Arabian Riyals (SAR 100,000,000), divided into ten million (10,000,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share. Pursuant to the General Assembly's resolution dated 22 Rabi' al-Thani 1441H (corresponding to 19 December 2019G), the capital of the Company was increased from one hundred million Saudi Arabian Riyals (SAR 100,000,000) to three hundred million Saudi Arabian Riyals (SAR 300,000,000), divided into thirty million (30,000,000) shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share through the capitalisation of two hundred million Saudi Arabian Riyals (SAR 200,000,000) from retained earnings. Pursuant to the General Assembly's resolution dated 29 Rabi' al-Awwal 1442H (corresponding to 15 November 2020G), the capital of the Company was increased from three hundred million Saudi Arabian Riyals (SAR 300,000,000) to four hundred million Saudi Arabian Riyals (SAR 400,000,000), divided into forty million (40,000,000) shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share through the capitalisation of one hundred million Saudi Arabian Riyals (SAR 100,000,000) from retained earnings. Pursuant to the General Assembly's resolution dated 15 Jumada al-Ula 1443H (corresponding to 19 December 2021G), the Board of Directors was authorised to complete the transfer of the Company's ownership in both Saudi Medical Services Company (Adeed) and Saudi Facilities Management Company (Saudi Marafiq) to Al Holoul Al Mutakamela Holding Company (a company that owns 70 per cent. of the Company's Shares as of the date of this Prospectus). On 30 Shawwal 1443H (corresponding to 31 May 2022G), the Board of Directors decided to acquire Romoz Development Company for Communications and Information Technology Company and Terhab Customer Experience Company Limited (two companies that were originally established by the Company in 2020G, and the ownership of the Company was transferred to Al Holoul Al Mutakamela Holding Company in 2021G). On 16 Jumada al-Akhirah 1444H (corresponding to 11 December 2023G) and on 12 Rajab 1444H (corresponding to 12 February 2023G), the Board of Directors decided to transfer the Company's ownership in Esnad for Building and Housing Cleaning Services Company and Areeb Human Resources Company to Al Holoul Al Mutakamela Holding Company (for more details, see Section 4.6 (*Company's Key Historical Changes*) and Section 4.7 (*Subsidiaries*)). Pursuant to the General Assembly's Resolution dated 9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G), the Company's Shares were each split into 10 Shares of equal value, bringing the total number of shares to four hundred million (400,000,000) ordinary Shares with a fully paid nominal value one Saudi Arabian Riyal (SAR 1) per Share. For further details, see Section 4.5 (*Corporate History and Evolution of Capital*).
Company's Activities	In accordance with its Bylaws, the Company's activities consist of the following: • administrative and support services; • activities of employment agencies; and • activities of temporary employment agencies. In accordance with its main commercial registration, the Company's activities consist of the following: • temporary employment agency activities for home services; and • activities of temporary employment agencies for expatriate workers services. As of the date of this Prospectus, the Company's core activities consist of the following Corporate Segments (for further details, see Section 4.9 (*Overview of the Group's Business*)): • **Corporate Segment:** It is a cornerstone of the Group's business, providing comprehensive manpower services to a variety of industries with both professional and unskilled labour. This segment has consistently been a major revenue contributor, accounting for approximately 70 per cent. of the Group's total revenue in recent years. The Group serves key industries such, as oil and gas/petrochemical, retail, construction, industrial and operation, healthcare and hospitality, deploying a significant number of workers across these sectors. Its service offerings are diverse, including Musanadeh for basic manpower needs, Mutakamelah for employee management, Shamelah for complete human resource solutions, Mawsemiah for peak season demands and Jahez for immediate manpower requirements. The Group's robust client base includes both public and private sector entities, underlining its ability to meet varied manpower needs; and • **Individual Segment:** It offers a wide range of personal manpower services, divided into two main sub-segments: - **Individual Segment – Raha Mouqeemah:** This sub-segment contributes to the Group's revenue through contracts established with individual customers. The primary services catered in this segment include those related to domestic workers, cleaners, private drivers and personal assistants, with accommodation provided by the customers. Generally, the invoices for services within this sub-segment are settled on a monthly basis or in advance. - **Individual Segment – Raha Hourly:** This sub-segment generates revenue through services billed on an hourly basis to individual customers, predominantly focusing on domestic workers and cleaners.

Substantial Shareholders

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

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

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Ownership (%)	Overall Nominal Value (SAR)	Number of Shares	Ownership (%)	Overall Nominal Value (SAR)
Al Holoul Al Mutakamela Holding Company	280,000,000	70.000%	280,000,000	191,050,000	47.761%	191,050,000
Rafid Advanced Investments Company	30,000,000	7.500%	30,000,000	19,350,000	4.838%	19,350,000
Mohammad Abdulaziz Al Habib and Sons Holding Company [(1)]	20,000,000	5.000%	20,000,000	14,000,000	3.500%	14,000,000
Maalem Al Masa Real Estate Company	20,000,000	5.000%	20,000,000	14,000,000	3.500%	14,000,000
Total	**35,000,000**	**87.500%**	**350,000,000**	**238,400,000**	**59.599%**	**238,400,000**

Source: The Company.

(1) Mohammed Abdulaziz Al Habib and Sons Holding Company owns the entire capital of Maalem Al Masa Real Estate Company (which in turn directly owns 20,000,000 Shares in the Company). As a result, Mohammed Abdulaziz Al Habib and Sons Holding Company indirectly owns 20,000,000 Shares in the Company.

Company's Share Capital	Four hundred million Saudi Arabian Riyals (SAR 400,000,000).
Total Number of the Company's Shares	Four hundred million (400,000,000) ordinary Shares.
Nominal Value per Share	One Saudi Arabian Riyal (SAR 1) per Share.
Offering	Offering of one hundred and twenty million (120,000,000) ordinary Shares with a fully paid nominal value of one Saudi Arabian Riyal (SAR 1) per Share, representing thirty per cent. (30%) of the Company's capital at an Offer Price of Seven and a half Saudi Arabian Riyals (SAR 7.5) per Offer Share.
Total Number of Offer Shares	One hundred and twenty million (120,000,000) Shares.
Percentage of Offer Shares to the Total Number of Issued Shares	The Offer Shares represent thirty per cent. (30%) of the Company's share capital.
Offer Price	Seven and a half Saudi Arabian Riyals (SAR 7.5) per Offer Share.
Total Value of Offer Shares	Nine hundred million Saudi Arabian Riyals (SAR 900,000,000).
Use of Proceeds	The Net Offering Proceeds amounting to approximately eight hudred forty seven million Saudi Arabian Riyals (SAR 847,000,000) (after deducting the Offering expenses estimated at fifty-three million Saudi Arabian Riyals (SAR 53,000,000)), will be paid to the Selling Shareholder on a pro rata basis. The Company will not receive any part of the Offering Proceeds (for further details, see Section 8 (*Use of Proceeds*)). (for further details on the Selling Shareholders' ownership after the Offering, see Table 5 (*Direct Ownership Structure of the Company Pre- and Post- Offering*)).
Total Number of Shares Underwritten	One hundred and twenty million (120,000,000) ordinary Shares.
Total Offering Amount Underwritten	Nine hundred million Saudi Arabian Riyals (SAR 900,000,000).

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 entitled 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 further details, see Section 1 (*Definitions and Abbreviations*)); and • **Tranche (B) Individual Subscribers:** 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 a Receiving Agent and the right to open an investment account with a Capital Market Institution or those who have an active portfolio with SNB Capital Company in the event of subscription through SNB Capital Company. 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.
Total Number of Shares Offered for Each Category of Targeted Investors	
The Number of Shares Offered for the Participating Parties	One hundred and twenty million (120,000,000) Shares, representing one hundred per cent. (100%) of the Offer Shares. If there is sufficient demand from Individual Subscribers, and the Participating Entities subscribe to all the Offer Shares allocated to them, the Financial Advisor, in coordination with the Company, has the right to reduce the number of Shares allocated to the Participating Entities to one hundred and eight million (108,000,000) Offer Shares, representing ninety per cent. (90%) of the Offer Shares.
Number of Offer Shares Available to Individual Subscribers	A maximum of twelve million (12,000,000) Offer Shares representing ten per cent. (10%) of the Offer Shares.
Subscription Method for Each of the Targeted Investors' Categories:	
Subscription Method for Participating Parties	Participating Parties as identified in Section 1 (*Definitions and Abbreviations*) may apply for participation in the book-building process by completing a Bidding Participation Application that will be provided by the Bookrunner for the Participating Entities during the book-building process period. After 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 Subscribers	Subscription Application Forms will be provided during the Offering Period by the Receiving Agents. Subscription Application Forms shall be completed in accordance with the instructions mentioned in Section 17 (*Subscription Terms and Conditions*). Individual Subscribers can also subscribe through the Internet, telephone banking, ATMs, and any other electronic channels offered by the Receiving Agents, or any of the Receiving Agents' branches that offer any or all such services to its customers, provided that: (i) the Individual Subscriber 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 Subscriber since his/her subscription in a recent initial public offering; and (iii) Individual Subscribers who are not Saudi or GCC natural persons must have an active investment portfolio at one of the Capital Market Institutions affiliated with the Receiving Agent through which the subscription is desired.
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 Subscribers	Ten (10) Offer Shares.
Minimum Subscription Amount for Each of the Targeted Investors' Categories:	
Minimum Subscription Amount for Participating Entities	Seven hundred fifty thousand Saudi Arabian Riyals (SAR 750,000).
Minimum Subscription Amount for Individual Subscribers	Seventy five Saudi Arabian Riyals (SAR 75).

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	Nineteen million nine hundred and ninety-nine thousand nine hundred and ninety-nine (19,999,999) Offer Shares and, in relation to public funds only, the maximum number of Offer Shares for each participating public fund is subject to the restrictions included in the Book-Building Instructions.
Maximum Number of Offer Shares to be Applied for by Individual Subscribers	Two million and five hundred thousand (2,500,000) Offer Shares.
Maximum Subscription Amount for Each of the Targeted Investors' Categories:	
Maximum Subscription Amount for Participating Entities	One hundred forty-nine million, nine hundred ninety-nine thousand, nine hundred ninety-three Saudi Arabian Riyals (SAR 149,999,993).
Maximum Subscription Amount for Individual Subscribers	Eighteen million, seven hundred fifty thousand Saudi Arabian Riyals (SAR 18,750,000).
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 Subscribers' subscription process as the Financial Advisor deems appropriate in coordination with the Issuer, using the discretionary allocation mechanism. The number of Offer Shares to be provisionally allocated to Participating Entities is one hundred and twenty million (120,000,000) Shares, representing one hundred per cent. (100%) of the Offer Shares. If there is sufficient demand by Individual Subscribers for the Offer Shares, the Financial Advisor, in coordination with the Issuer, shall have the right to reduce the number of Offer Shares allocated to Participating Entities to one hundred and eight million (108,000,000) ordinary Offer Shares as a minimum, representing ninety per cent. (90%) of the Offer Shares.
Allocation of Offer Shares to Individual Subscribers	Allocation of the Offer Shares to Individual Subscribers is expected to be completed no later than Monday 26/11/1445H (corresponding to 03/06/2024G). The minimum allocation per Individual Subscriber is ten (10) ordinary Offer Shares, and the maximum allocation per Individual Subscriber is two million five hundred thousand (2,500,000) ordinary Offer Shares, with remaining Offer Shares, if any, being allocated pro rata based on the number of Offer Shares applied for by that Individual Subscriber to the total Offer Shares. If the number of Individual Subscribers exceeds twelve million (12,000,000), the Company will not guarantee the minimum allocation of ten (10) Offer Shares for each Individual Subscriber. In this case, the Offer Shares will be allocated as deemed appropriate by the Financial Advisor, 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 final allocation will be announced no later than Monday 26/11/1445H (corresponding to 03/06/2024G) and the excess subscription monies will be refunded no later than Monday 04/12/1445H (corresponding to 10/06/2024G). For further details, see "*Key Dates and Subscription Procedures*" on page (xiv) and Section 17 (*Subscription Terms and Conditions*).
Offering Period	The Offering Period will commence Sunday on 18/11/1445H (corresponding to 06/05/2024G) and will remain open for a period of two (2) days up to and including the Offering closing date which is 19/11/1445H (corresponding to 27/05/2024G). For further details, see "*Key Dates and Subscription Procedures*" on page (xiv).
Entitlement to Dividends	The Offer Shares will entitle their holders to receive any dividends declared by the Company starting on 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 natural person, but not a Director of the Company, to attend the General Assembly meetings and vote on his/her behalf (for further details, see Section 12.12 (*Bylaws*)).
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 commences on the Exchange. 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 the Substantial Shareholder, see Table 2 (*The Substantial Shareholders and Their Ownership in the Company Pre- and Post-Offering*)).
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 listing its Shares on the Exchange in accordance with the Listing Rules. All of the relevant approvals required to conduct the Offering have been granted. All supporting documents requested by CMA and Tadawul have been met. It is expected that trading in the Shares will commence on the Exchange after the final allocation of the Offer Shares (for further details, see "*Key Dates and Subscription Procedures*" on page (xiv)).

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 any investment decision in relation to the Offer Shares.
Offering Expenses	The Selling Shareholders will bear all of the Offering expenses and costs estimated at around fifty-three million Saudi Arabian Riyals (SAR 53,000,000). 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 Auditors, the Receiving Agents and the Market Consultant, as well as marketing, printing and distribution fees and other costs and expenses related to the Offering.
Underwriter	**SNB Capital Company** SNB Capital Company Regional Building - King Saud Road P.O. Box 22216 Riyadh 11495 Kingdom of Saudi Arabia Tel: +966 (92) 0000232 Fax: +966 (11) 4060052 Website: www.alahlicapital.com E-mail: snbc.cm@alahlicapital.com

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

Event	Date
Bidding and Book-Building Period for Participating Entities	Commencing on Wednesday, 29/10/1445H (corresponding to 08/05/2024G), until the end of Tuesday at 5:00 PM KSA time, 06/11/1445H (corresponding to 14/05/2024G)
Deadline for Submission of Subscription Application Forms Based on the Number of the Offer Shares Provisionally Allocated for the Participating Entities	Wednesday 14/11/1445H (corresponding to 22/05/2024G)
Subscription Period for Individuals	Commencing on Sunday, 18/11/1445H (corresponding to 26/05/2024G, until the end of Monday at 5:00 PM KSA time, 19/11/1445H (corresponding to 27/05/2024G)
Deadline for Payment of the Subscription Amount by Participating Entities Based on their Provisionally Allocated Offer Shares	On Thursday 15/11/1445H (corresponding to 23/05/2024G)
Deadline for Submission of Subscription Application Forms and Payment of the Subscription Amount by Individual Subscribers	On Monday 19/11/1445H (corresponding to 27/05/2024G)
Announcement of the Final Allocation of the Offer Shares	On or before Monday 26/11/1445H (corresponding to 03/06/2024G)
Refund of Excess Subscription Monies (if any)	On or before Monday 04/12/1445H (corresponding to 10/06/2024G)
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 the dates therein are indicative and subject to change. The actual dates will be communicated on the websites of Tadawul (www.saudiexchange.sa), the Financial Advisor (www.alahlicapital.com), and the Company (www.smasco.com).

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 entitled 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*)); and
- **Tranche (B): Individual Subscribers** 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 a Receiving Agent and the right to open an investment account with a Capital Market Institution or those who have an active portfolio with SNB Capital Company in the event of subscription through SNB Capital Company. 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.

1- Participating Parties

Participating Parties may apply for participation in the book-building process by completing the Bidding Participation Application that will be provided by the Bookrunner during the book-building process period and obtaining the Subscription Application Forms from the Bookrunner after provisional allocation. After obtaining the approval of the CMA, the Bookrunner shall offer the Offer Shares to the Participating Entities only during the bookbuilding period. Subscriptions by the Participating Entities shall commence during the Offering Period, which also includes the Individual Subscribers, according to the terms and conditions detailed in the Subscription Application Forms. A signed Subscription Application Form representing a legally binding agreement between the Selling Shareholders and the relevant Participating Entity submitting the same must be submitted to the Bookrunner.

2- Individual Subscribers

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

a- the Individual Subscriber has a bank account at a Receiving Agent which offers such services;

b- The Individual Subscriber must have an active portfolio if he/she wishes to subscribe to the Offering Shares through SNB Capital Company;

c- there have been no changes in the personal information or data of the Individual Subscriber since his subscription in a recent initial public offering; and

d- Individual Subscribers who are not Saudi or GCC natural persons have an active investment portfolio at one of the Capital Market Institutions affiliated with the Receiving Agent through which the subscription is desired.

Subscription Application Forms must be filled out by each individual applicant according to the instructions in Section 17 (*Subscription Terms and Conditions*). An applicant must complete all of the relevant sections in the Subscription Application Form. The Company reserves the right to reject any Subscription Application Form, in part or in whole, if any of the subscription terms and conditions are 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 Subscriber's account held with the Receiving Agent from which the subscription amount was 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 Subscribers 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. Accordingly, this summary should 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. 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 and should not base his decision solely on this summary.

OVERVIEW OF THE COMPANY

Overview of the Company's Business

The Company's main activities consist of the following main business sectors (for further information, see Section 4.9 (*Overview of the Group's Business*)):

- **Corporate Segment:** It is a cornerstone of the Group's business, providing comprehensive manpower services to a variety of industries with both professional and unskilled labour. This segment has consistently been a major revenue contributor, accounting for approximately 70 per cent. of the Group's total revenue in recent years. The Group serves key industries such, as oil and gas / petrochemical, retail, construction, industrial and operation, healthcare and hospitality, deploying a significant number of workers across these sectors. Its service offerings are diverse, including Musanadeh for basic manpower needs, Mutakamelah for enhanced employee management, Shamelah for complete human resource solutions, Mawsemiah for peak season demands and Jahez for immediate manpower requirements. The Group's robust client base includes both public and private sector entities, underlining its ability to meet varied manpower needs; and
- **Individual Segment:** It offers a wide range of personal manpower services, divided into two main sub-segments:
  - **Individual Segment – Raha Mouqeemah:** This sub-segment contributes to the Group's revenue through contracts established with individual customers. The primary services catered in this segment include those related to domestic workers, cleaners, private drivers and personal assistants, with accommodation provided by the customers. Generally, the invoices for services within this sub-segment are settled on a monthly basis or in advance.
  - **Individual Segment – Raha Hourly:** This sub-segment generates revenue through services billed on an hourly basis to individual customers, predominantly focusing on domestic workers and cleaners.

As the first licensed manpower service provider in the Kingdom, the Group has become a trailblazer, establishing benchmarks and safeguarding workforce rights while tailoring services to local market needs. The Group's evolution in the manpower solutions sector, transitioning from a focus on blue-collar workers to a broader skill range, mirrors the growing demand for diverse, high-quality manpower services. This strategic shift, bolstered by innovative offerings, brand strength and strategic alliances, such as its partnership with Urban Company, underscores its robust market position. The Group employs a diversified portfolio strategy, catering to varied client segments and workforce nationalities, prioritising profitability and cost optimisation for sustainable Shareholder returns. Emphasising value creation and operational efficiency, the Group integrates streamlined business operations, advanced technological automation and strategic ecosystem development, all while maintaining a comprehensive, client-oriented approach.

The Group's competitive advantages are built on a capital-light business model, ensuring robust financial strength and cash flow with minimal capital investment and a debt-free operational strategy. This approach, combined with the executive leadership's deep industry expertise, along with advanced information technology ("**IT**") architecture, including Artificial Intelligence ("**AI**"), Machine Learning ("**ML**") and Robotic Process Automation ("**RPA**"), enhance operational efficiency and service delivery. Demonstrating innovation leadership, the Group has introduced on-demand hourly services, advanced mobile applications, dynamic pricing, specialised services and strategic branding initiatives. Its multi-channel sales capability, state-of-the-art IT architecture and scalable manpower platform further demonstrate its ability to adapt and excel in a dynamic macroenvironment. The highly experienced management team's strategic vision and understanding of the manpower market, coupled with a robust governance and legal compliance framework, underscore the Group's commitment to excellence, trust and industry leadership.

In both the Corporate and Individual Segments, the Group employs distinct but equally effective strategies for client and customer engagement and retention. In the corporate segment, success centres on market segmentation and targeting, alongside personalised selling, customised solutions and strong relationship building. The Group further enhances client engagement through comprehensive marketing support, which includes a blend of online and offline campaigns, participation in events and a robust digital presence. Equally, in the Individual Segment, customer engagement is reinforced through user-friendly mobile apps, direct tele-sales and accessible branch sales, coupled with all-around support to ensure high customer satisfaction and encourage repeat business. The Group also applies a thorough recruitment and management strategy for individual manpower resources, encompassing every stage from visa procurement to post-deployment support, with a keen focus on training, adaptability and cultural integration, ensuring a seamless service experience in both segments.

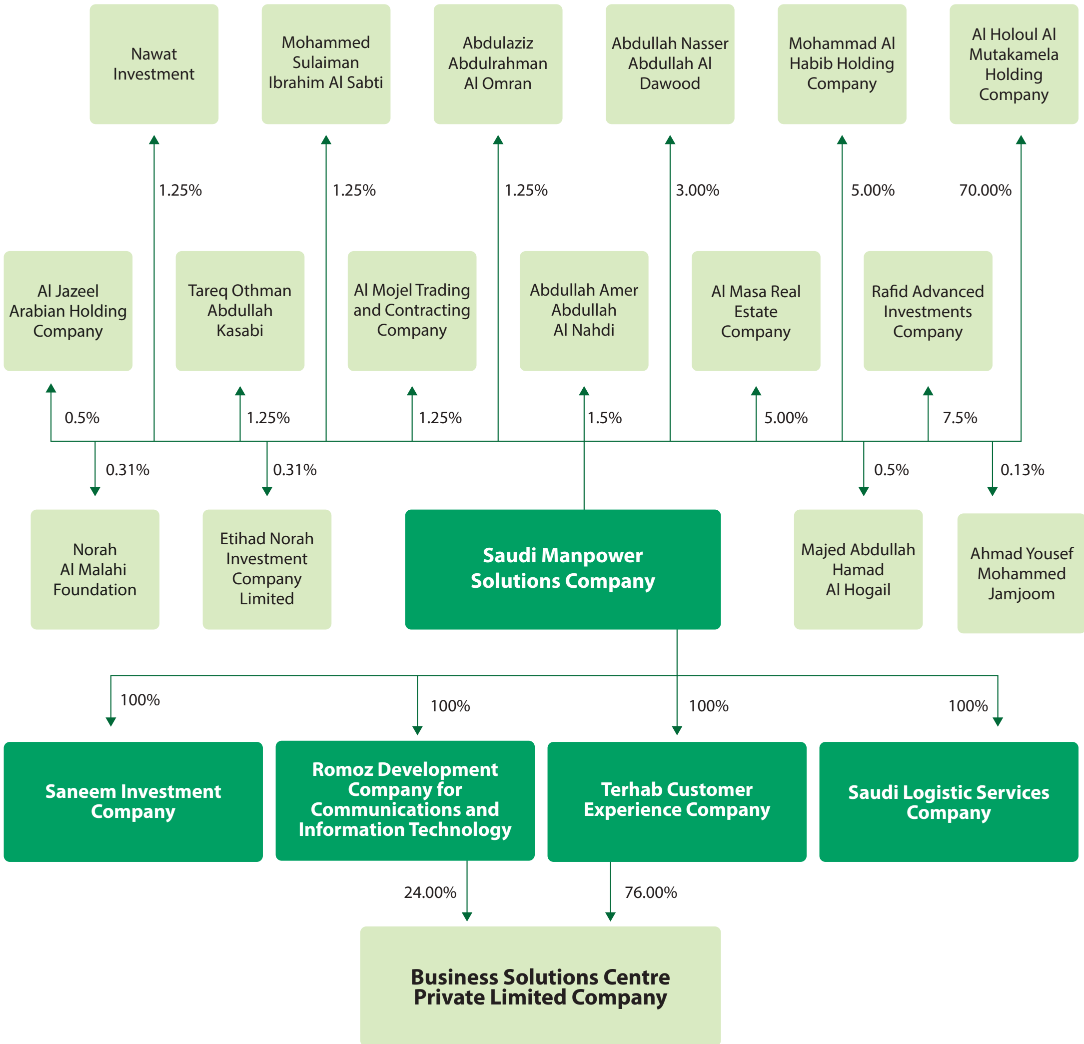
The Group's commitment to operational excellence is reflected in its comprehensive approach, which encompasses rigorous payroll protection, performance monitoring, workforce communication and extensive employee welfare programmes. These initiatives ensure high service quality and foster a supportive workplace culture. The welfare strategy is further enhanced by robust health and safety measures, suitable accommodation and a well-maintained transportation infrastructure with safety and security protocols, all contributing to employee well-being and adherence to industry standards. Additionally, the Group's pricing strategy effectively balances competitiveness and value, thoughtfully considering diverse client and customer needs while accounting for factors such as worker salaries, Government fees and recruitment costs, thereby maintaining operational excellence across all facets of its business.

The Group's comprehensive strategy and competitive advantages, coupled with its diverse and innovative service offerings, client-centric approach, and commitment to operational excellence and workforce welfare, position it as a leader in the manpower solutions sector in the Kingdom. As estimated by the Market Study Consultant, the Group is considered a dominant market player with 14 to 16 per cent. market share in the Kingdom in 2022G. As of 30 September 2023G, the Group's services for the Individual Segment – Mouqeemah services were available in 96 provinces and cities, while Individual Segment - On-demand services were available in 52 cities and provinces, through nine branches in eight major cities across the Kingdom and 51 service centres.

Ownership Structure

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

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



Source: The Company.

Overview of the Company's Subsidiaries

The Company directly and indirectly owns shares in four Subsidiaries which are located inside the Kingdom and one Subsidiary outside the Kingdom. The following chart sets out the structure of the Group:

Table 4: The Company's Direct and Indirect Ownership in its Subsidiaries Structure as of the date of this Prospectus

Subsidiary	Company's Direct Ownership (%)	Company's Indirect Ownership (%)	Remaining Ownership
Saudi Logistic Services Company Limited	100.00%	-	-
Terhab Customer Experience Company Limited	100.00%	-	-
Saneem Investment Company	100.00%	-	-
Romoz Development for Communications and Information Technology Company(1)	100.00%	-	-
Businesses Solutions Centre Private Limited Company(2)	-	100.00%	-

Source: The Company.

(1) Liquidation procedures has begun, and its employees were transferred to the Company.

(2) Company under liquidation.

The following is a brief overview of each of the Subsidiaries:

- Saudi Logistic Services Company Limited ("**SLSC**") is a one-person limited liability company registered in Riyadh, under Commercial Registration No. 1010587193 dated 8 Thul-Qi'dah 1440H (corresponding to 11 July 2019G). SLSC' registered head office is located at Al Olaya Street, Al Ghadeer District, P.O. Box 91279, 13311, Riyadh, Kingdom of Saudi Arabia. The current capital of SLSC 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.

  According to SLSC's articles of association, its main activities consists of land transportation of passengers in cities and suburbs, land transportation of goods and warehousing, real estate activities in owned or leased properties, rental of motor vehicles, and activities of tour operators. According to its commercial registration, its main activities consist of land transport of goods, operation of storage facilities for all types of goods except food products and public warehouses that include a variety of goods.

  As of the date of this Prospectus, SLSC represents the logistics arm of the Company, as a specialised and professional company to provide subsistence, housing and transportation services to the Group's workers.

- Terhab Customer Experience Company Limited ("**Terhab**") is a one-person limited liability company registered in Riyadh, under Commercial Registration No. 1010628795 dated 30 Jumada al-Akhirah 1441H (corresponding to 24 February 2020G). Terhab's registered head office is located at Al Olaya Street, Al Ghadeer District, King Salman District, P.O. Box 91279, 13311, Riyadh, Kingdom of Saudi Arabia. The current capital of Terhab is one million Saudi Arabian Riyals (SAR 1,000,000) divided into one hundred (100) shares with a fully paid nominal value of ten thousand Saudi Arabian Riyals (SAR 10,000) per share. Terhab was originally established by the Company in the year 2020G, and the ownership of the Company was transferred to Al Holoul Al Mutakamela Holding Company in 2021G. On 30 Shawwal 1443H (corresponding to 31 May 2022G), the Board of Directors decided to transfer the ownership back to the Company.

  According to Terhab's articles of association, its main activities consists of activities of temporary employment agencies, integrated office administrative services activities, wireless communications activities, other communications activities, computer consultancy activities, computer facilities management, data processing, web hosting and related activities, and air transport-related service activities. According to Terhab's commercial registration, its main activities consists of ground management and supervision services at airports, providing call centre services, provision of infrastructure for web hosting, data processing services, providing digital certification services, providing management and control service of communication and information networks, providing communications service provider (CSP), providing mobile telecommunications services, combined office administrative service activities, and activities of temporary employment agencies of expatriate workers services.

  As of the date of this Prospectus, Terhab is the customer service arm of the Company, providing services for receiving and processing customer and employee requests through the latest technology in the field of customer experience.

- Saneem Investment Company ("**Saneem**") is a one-person limited liability company registered in Riyadh, under Commercial Registration No. 1010786170 dated 3 Sha'ban 1443H (corresponding to 6 March 2022G). Saneem's registered head office is located at King Abdullah Road, King Salman District, P.O. Box 91279, 12434 Riyadh, Kingdom of Saudi Arabia. The current capital of Saneem 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.

  According to Saneem's articles of association, its main activities consists of holding companies (i.e. units that acquire the assets of a controlling equity interest of a group of subsidiaries, the principal activity of which is the ownership of that group) and other financial services activities, excluding insurance and pension financing. According to Saneem's commercial registration, its main activities consists of investing the funds of the holding companies subsidiaries, and other financial services activities other than insurance and pension financing not elsewhere classified.

- Romoz Development Company for Communications and Information Technology Company ("**Romoz**") is a one-person limited liability company registered in Riyadh, under Commercial Registration No. 1010627539 dated 23 Jumada al-Akhirah 1441H (corresponding to 17 February 2020G). Romoz's registered head office is located at Al Olaya Street, Al GhadeerDistrict, P.O. Box 91279, 13311, Riyadh, Kingdom of Saudi Arabia. The current capital of Romoz 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. Romoz was originally established by the Company in the year 2020G, and the ownership of the Company in Romoz was transferred to Al Holoul Al Mutakamela Holding Company in 2021G. On 30 Shawwal 1443H (corresponding to 31 May 2022G), the Board of Directors decided to transfer the ownership back to the Company.

  According to Romoz's articles of association, its main activities consists of Computer programming activities, computer consultancy activities, computer facility management, data processing, web hosting and related activities, wholesale of other household goods and retail sale of books, newspapers and stationery in specialized stores. According to Romoz's commercial registration, its main activities consists of wholesale of prepaid card, retail sale of prepaid cards of all kinds, analysis of systems, designing and programming special software, providing management and control service of communication and information networks, and provision of infrastructure for web hosting, data processing services, and related activities.

  As of the date of this Prospectus, Romoz is undergoing liquidation, as the Company no longer needs the services that it provides.

- Business Solutions Centre Private Limited Company is an Indian limited liability company, registered under Commercial Registration No. 379653 dated 24 Sha'ban 1442H (corresponding to 6 April 2021G). Its registered head office is located at New Delhi, Liggat Nagar Road, India. The current capital of Business Solutions Centre Private Limited Company is one hundred thousand Indian Rupees (INR 100,000) (equivalent to approximately five thousand Saudi Arabian Riyals (SAR 5,000) as of the date of this Prospectus) divided into ten thousand (10,000) shares with a fully paid nominal value of ten Indian Rupees (INR 10) per share. It is indirectly fully owned by the Company. Business Solutions Centre Private Limited Company was established to provide external services to support Terhab and Romoz in their main activities, which includes services for receiving and processing customer and employee requests and information technology services.

According to Business Solutions' articles of association, its main activities include activities of providing business solutions services.

As of the date of this Prospectus, Business Solutions Centre Private Limited Company is undergoing liquidation, as the Company no longer needs the services that it provides.

Current Ownership of the Company

As of the date of this Prospectus, the share capital of the Company is four hundred million Saudi Arabian Riyals (SAR 400,000,000), divided into four hundred million (400,000,000) ordinary shares, with a fully paid equal nominal value of one Saudi Arabian Riyal (SAR 1) 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)
Al Holoul Al Mutakamela Holding Company	280,000,000	70.000%	280,000,000	191,050,000	47.761%	191,050,000
Rafid Advanced Investments Company	30,000,000	7.500%	30,000,000	19,350,000	4.838%	19,350,000
Mohammad Abdulaziz Al Habib and Sons Holding Company (2)	20,000,000	5.000%	20,000,000	14,000,000	3.500%	14,000,000
Maalem Al Masa Real Estate Company	20,000,000	5.000%	20,000,000	14,000,000	3.500%	14,000,000
Abdullah Nasser Abdullah Al Dawood	12,000,000	3.000%	12,000,000	12,000,000	3.000%	12,000,000
Abdullah Amer Munif Al Nahdi	6,000,000	1.500%	6,000,000	4,200,000	1.050%	4,200,000
Abdulaziz Abdulrahman Mohammed Al Omran	5,000,000	1.250%	5,000,000	3,500,000	0.875%	3,500,000
Al Mojel Trading and Contracting Company	5,000,000	1.250%	5,000,000	3,500,000	0.875%	3,500,000
Mohammed Sulaiman Ibrahim Al Sabti	5,000,000	1.250%	5,000,000	5,000,000	1.250%	5,000,000
Tareq Othman Abdullah Al Kasabi	5,000,000	1.250%	5,000,000	3,500,000	0.875%	3,500,000
Nawat Real Estate Investment Company	5,000,000	1.250%	5,000,000	5,000,000	1.250%	5,000,000
Al Jazeel Arabian Holding Company	2,000,000	0.500%	2,000,000	1,400,000	0.350%	1,400,000
Majed Abdullah Hamad Al Hogail	2,000,000	0.500%	2,000,000	1,400,000	0.350%	1,400,000
Etihad Noorah Investment Company Limited	1,250,000	0.310%	1,250,000	875,000	0.219%	875,000
Norah Al Malahi Foundation	1,250,000	0.310%	1,250,000	875,000	0.219%	875,000
Ahmad Yousef Mohammed Salah Jamjoom	500,000	0.130%	500,000	350,000	0.088%	350,000
Public	-	-	-	120,000,000	30.000%	120,000,000
Total	**400,000,000**	**100%**	**400,000,000**	**400,000,000**	**100%**	**40,000,000**

Source: The Company.

(1) Ownership percentages are rounded.

(2) Mohammed Abdulaziz Al Habib and Sons Holding Company owns the entire share capital of Maalem Al Masa Real Estate Company (which in turn directly owns 20,000,000 Shares in the Company). As a result, Mohammed Abdulaziz Al Habib and Sons Holding Company indirectly owns 20,000,000 Shares in the Company.

Vision, Mission, and Strategy

Vision

The Company's vision is to create an outstanding workforce that drives national progress, fosters social enrichment and delivers outstanding value to its customers, thereby setting new benchmarks of excellence in the manpower industry.

Mission

The Company's mission is to advance manpower solutions by placing people at the heart of every initiative, striving to become the preferred career destination through optimal work environments, seamlessly connecting businesses with ideal manpower, offering homes high-quality, standardised services, enhancing client satisfaction with industry-leading practices, and driving innovation through strategic investments in cutting-edge technologies.

Strategy

The Group's strategy in the manpower solutions sector is informed by a deep understanding of the industry and market needs. Historically focusing on blue-collar workers, the Group now caters to a broader range of skills, responding to the increasing demand for diverse, high-quality manpower services. The strategy evolves to include value-added services, aligning with the vision of being a leader in comprehensive manpower solutions in the Kingdom. Advanced technology, robust recruitment processes and deep industry knowledge enable the Group to meet new market demands, emphasising global talent sourcing.

Strong Value Proposition and Market Position

The Group's market position is distinguished by its innovative offerings, brand strength and collabourative alliances, including the following:

- **Bringing to Market Well-Defined, Innovative and Scalable Offerings:** The Group offers a wide spectrum of foreign manpower resources, tailoring services to both corporate clients and individual customers;
- **Leveraging Capabilities and Know-How to Build Strong Brands Offering High Quality of Services:** Emphasis on quality services is evident through meticulous recruitment processes and sustained client relationships; and
- **Developing Alliances and Partnerships with Key Entities to Strengthen Market Position:** Strategic alliances, like the partnership with Urban Company, enhance the Group's market position.

Diverse and Profitable Portfolio Strategy

The Group's diversified and profitable portfolio strategy involves:

- **Diversification of Offerings within the Manpower Industry:** Services are expanded to cater to various client segments and workforce nationalities; and
- **Enhancing Financial Value for Sustainable Shareholder Returns:** Focus on profitability, cost optimisation and strong financial management ensures sustainable shareholder returns.

Value Creation and Highly Efficient Operations

The Group prioritizes efficiency and value creation through:

- **Optimising Business Operations:** Streamlining workflows, resource management and cost optimisation;
- **Automating Processes:** Adopting technology for leaner operations and better service offerings; and
- **Strategically Shaping the Ecosystem to Support Manpower Offerings:** Developing components like SLSC, Terhab, Saneem and the Urban Company joint venture to support manpower services.

Comprehensive Customer-Oriented Approach

The Group adopts a client-oriented strategy focusing on client acquisition, retention and service to ensure comprehensive engagement:

- **Client Acquisition and Retention:** Utilising market segmentation, client feedback and loyalty programmes; and
- **Client Service and Satisfaction:** Featuring dedicated relationship management, client satisfaction surveys and responsive service improvement.

Digital Transformation

The Group's digital transformation includes:

- **Adopt, Invest and Acquire Latest Technologies:** Integrating Enterprise Resource Planning (ERP) systems and investing in AI, ML and RPA; and
- **Digitising Solutions and Strengthening Online Presence:** Transforming recruitment processes and enhancing digital platforms and online visibility.

The Group's Impact on People and Communities

The Group's strategy positively impacts workers and communities through:

- payroll protection, enhanced communication and employee satisfaction initiatives;
- professional development, health and safety measures and regulatory compliance; and
- deep partnerships with industry stakeholders and contributions to community well-being.

Strength and Competitive Advantages

The Group, a market leader in the Kingdom's manpower industry, leverages a capital-light business model for robust financial strength and cash flow, underpinned by minimal capital investment in high-value assets and efficient working capital management. Its debt-free operational strategy ensures financial stability, investment opportunities and enhanced attractiveness to investors and partners. The Group's adaptability, deep industry expertise of its executive leadership and advanced IT architecture, including AI and RPA, enhance operational efficiency and service delivery.

Integrated Excellence Model: A Synergistic Approach to Strategy and Operational Performance

The Group has an Integrated Excellence Model, established by the Strategy and Transformation Unit in 2015G, combining strategic planning with execution. It includes strategic and transformational leadership, innovation, alignment of strategy with operational excellence, performance-aligned compensation and robust governance for sustainable growth.

Capital-Light Business Model: A Foundation for Robust Cash Flow and Financial Strength

The Group's capital-light model involves leasing operational infrastructure, with controlled capital expenditures and effective working capital management. This approach generates substantial cash flow, maintaining a debt-free balance sheet and robust net cash position.

Debt-Free Operations

Operating debt-free, the Group enjoys financial stability and independence, enhancing investment and growth opportunities, attractiveness to investors and partners, operational efficiency, resilience in volatile markets and positive corporate image.

A Full-Fledged Manpower Platform with a Proven Track Record

The Group's strategy includes a leading manpower platform, extensive recruitment network, diverse service portfolio, technological and logistical excellence and value creation. This approach ensures customer retention and financial value for stakeholders.

Leading Innovation in the Sector

The Group is a first mover in the industry, introducing on-demand hourly services, advanced mobile applications, dynamic pricing models, specialised services and strategic licensing and branding initiatives.

Multi-Channel Sales Capability

The Group's multi-channel sales strategy caters to both Corporate and Individual Segments, combining direct sales, industry-specific teams, digital applications, tele-sales and physical branches.

State-of-the-Art IT Architecture

The Group employs advanced technologies like AI, RPA, cloud computing and cybersecurity measures. It focuses on digital products and services, data-driven organisation, integration with core business functions and IT security and infrastructure.

Ready-to-Scale Manpower Platform

The Group has a scalable manpower platform, featuring expansive accommodation infrastructure, large transportation fleet, integrated IT infrastructure and comprehensive customer experience management.

Proven Capability in Managing Dynamic Macro Environment

The Group is adept at navigating economic downturns, regulatory changes and crises like COVID-19 through agile responses, strategic market analysis and tactical decision-making.

Deep Experience in the Manpower Industry by Executive Leadership

The Group's success is driven by a highly experienced management team with deep industry experience, strategic vision and an understanding of both local and global manpower markets.

Robust Governance and Legal Compliance Framework

The Group's governance and legal compliance framework emphasises accountability, transparency and responsibility, aligning with both local and international standards and fostering a culture of excellence and trust.

MARKET OVERVIEW

Overview of the Manpower Services Sector

The global staffing (manpower services) market is sized at USD 648 billion (pursuant to Statista, Staffing industry worldwide - statistics & facts, 2023G) in 2022G and is the largest of the four human resources services verticals, which also include Process Outsourcing, Human Resource ("**HR**") Advisory and HR Technology Solutions.

Within the staffing vertical, temporary staffing is estimated to constitute around 92 per cent. of the total global staffing market and has been driven in recent years by smart cities initiatives and projects undertaken by Governments worldwide, which require temporary work force. Permanent or direct staffing account for the remaining eight per cent. (pursuant to Statista, Staffing industry worldwide - statistics & facts, 2023G). The competitive landscape in manpower services is fragmented, with the top 10 firms accounting for around 21 per cent. of the total global revenues in 2021G. In the same year, top companies including Randstad, Adecco Group and Manpower Group collectively held approximately 12 per cent. of the global market share (pursuant to SIA, largest staffing firms globally report 2022G).

A few prominent trends are shaping the global staffing industry. These trends present opportunities for staffing companies to differentiate themselves and create a competitive advantage:

- flexible employment;
- expansion of service offerings through diversification and merger and acquisitions;
- usage of data, technology and AI in manpower in staffing;
- increased adoption of social recruiting with growth in social media engagement;
- diversity and inclusion initiatives within workplace; and
- effective usage of staffing referrals in manpower sourcing.

Companies hire manpower service providers looking mainly for flexible employment models and the ability to adapt to fluctuating demand, for lower labour costs associated with recruiting and long-term employment commitments and for reduced liability related to regulatory compliance.

Market Growth Drivers and Forecasts for the Kingdom

Within the Kingdom, the primary demand driver for manpower services is the demand for labour, which is a direct implication of economic growth and job creation. The Government's commitment to economic diversification driven by Vision 2030 is anticipated to contribute to sustainable economic growth, creating 2 million jobs by 2030G across various industries. Government initiatives include mega projects and smart cities, industrial development programme, privatisation programme, Small Medium Enterprises (SMEs) support, health sector transformation, retail and tourism sectors development, and others are all anticipated to require deployment of a significant number of skilled and unskilled workers. The contribution of Government-led efforts to the Saudi economy can already be observed in the nominal GDP, which has grown 18.3 per cent. in 2021G and 27.6 per cent. in 2022G driven by both increase in crude oil price and fundamental economic growth in non-oil sectors. According to consensus forecasts, nominal GDP is expected to grow at a rate of 2 per cent. CAGR between 2022G and 2025G. Demand for manpower services is therefore expected to rise to meet the manpower requirements resulting from economic growth. Manpower companies can particularly address the demand for blue-collar and skilled labour, and which require hiring of expatriate talent.

Economic activities that are seasonal in nature and which require temporary labour also drive demand for manpower services as temporary staffing constitutes the core offering among Saudi manpower companies. A few of the prominent sectors / activities that experience seasonal fluctuations in demand for workforce are Hajj and Umrah pilgrimages where 15,000 temporary jobs are created each season (pursuant to Vision 2030, Pilgrim Experience Programme Delivery Plan 2021G to 2025G), in addition to global, entertainment and sporting events such as Expo 2030, Riyadh Season, the Super Classico championship.

Labour market participation is another demand driver. Rising labour market participation in the Kingdom will require higher job placement efforts which can be addressed by manpower companies. As more women enter the labour market, more support is required at home which will likely increase demand for domestic jobs such as housekeepers, cooks and nannies.

Market opportunities and growth potential in the Kingdom can be estimated along the 2 main manpower service segments: Business and Individual segments. The Corporate Segment consists of providing manpower services for companies across various industries and constitutes around 70 per cent. of the Saudi market. The Individual segment caters to households and individuals and accounts for the remaining 30 per cent.. Home services can be provided on a full-time or on an hourly basis (pursuant to primary research with subject matter experts / market stakeholders, Market Consultant analysis).

The realizable market for the Corporate Segment in the Kingdom is estimated to be approximately SAR 16.9 billion in revenue and 0.4 million FTEs in headcount, in 2022G. The blue-collar manpower segment is the largest and is expected to grow as the construction sector grows, driven by the Kingdom's mega projects.

The realizable market for full-time Individual segment services in the Kingdom is estimated to be approximately SAR 4.7 billion in revenue and 0.19 million FTEs in headcount, in 2022G. Demand for domestic workers is expected to grow as populations and number of households grow, and as more women enter the labour force. The realizable market size for hourly Individual segment is estimated to be SAR 2.8 billion in revenue and 0.06 million FTEs in headcount, in 2022G. Growth rate in the hourly home-segment services is expected to exceed growth rate in the full-time segment as the need for flexibility and customised services increases. This growth is largely supported by the increase in technology adoption among Saudi population (pursuant to primary research with subject matter experts / market stakeholders, Market Consultant analysis).

Competitive Landscape and the Company's Market Standing

There are 46 licensed manpower firms in the Kingdom presently, which offer both business and home services. The total market size which manpower companies currently service in the Kingdom across both business and Individual segments is estimated to be around SAR 12.6 billion in revenue terms and 0.27 million FTEs in headcount terms, accounting for around 41 per cent. and 52 per cent. of the realizable manpower market, respectively, in the Kingdom in 2022G. (pursuant to primary research with subject matter experts / market stakeholders, Market Consultant analysis)

The top six players are estimated to collectively constitute 50 to 60 per cent. (pursuant to primary research with subject matter experts / market stakeholders, Market Consultant analysis) of the total market size for manpower services in the Kingdom and include the Saudi Manpower Solutions Company (the Company), Maharah Human Resources Company, Al Mawarid Manpower Company, International Recruitment Company (IRC), Jawa Human Resources Company and Tamkeen Human Resources Company. The Company is considered a dominant market player with 14 to 16 per cent. market share. The Company specialises in Oil and Energy, Construction, Hotel, Restaurant, Catering/Café ("**HORECA**"), Healthcare and Logistics segments and is also a market leader in providing tailored manpower sourcing solutions for small and medium enterprises (SMEs). The Company is considered to have first mover advantage in multiple areas including home hourly services, use of mobile application for both Individuals (Raha application) and Corporates (Rowad application) segments and partnering with new sourcing countries.

Maharah Human Resources Company is another dominant player with 13 to 15 per cent. market share. Both the Company and Maharah Human Resources Company have diversified into adjacent HR solutions; the Company's through Saneem, its corporate venture capital (VC) arm investing in HR Technology - ATS, Fintech and Logistics Technology and Maharah through investments in specialised AI HR recruitment solutions.

Among the top players, the market is considered to be highly competitive. Key competitive advantages in the sector include the ability to source, obtain visas for, and deploy large volumes of manpower and capture scale benefits in recruitment, costing and overheads management as well as harnessing IT and technology to improve service delivery and increase operational efficiency. Large clients are understood to have strong bargaining power in negotiating better deals and are able to switch between competitors. This indicates a need for differentiation on costs and diversification to new adjacencies within the HR solutions ecosystem.

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 2020G, 2021G and 2022G and the reviewed interim consolidated financial statements for the nine-months period ended 30 September 2023G, prepared in accordance with IFRS as endorsed in the Kingdom and other standards and pronouncements issued by SOCPA. The selected financial information and key performance indicators ("**KPIs**") of the Company set out below should be read in conjunction with the information provided in Section 2 (*Risk Factors*) and Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*) of this Prospectus and the Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the reviewed interim consolidated financial statements for the nine-month period ended 30 September 2023G, which are incorporated in Section 19 (*Financial Statements and Auditors' Report*) and other financial statements contained in other sections of this Prospectus.

Table 6: Summary of the Company's Comprehensive Income Statement for the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Period Ended 30 September 2023G

Currency: SAR'000	Financial Year Ended 31 December			Nine-Month Period Ended 30 September	
	2020G Audited	2021G Audited	2022G Audited	2022G Reviewed	2023G Reviewed
Comprehensive Income Statement					
Revenues	1,817,395	1,715,761	1,839,889	1,362,592	1,366,828
Cost of revenue	(1,564,300)	(1,449,700)	(1,602,212)	(1,187,165)	(1,191,767)
Gross profit	**253,095**	**266,061**	**237,677**	**175,427**	**175,061**
General and administrative expenses	(53,796)	(61,330)	(44,851)	(35,483)	(36,895)
Selling and marketing expenses	(46,969)	(48,432)	(33,309)	(20,163)	(15,271)
Provision for expected credit losses	-	(4,000)	958	(115)	(2,808)
Operating profit	**152,330**	**152,298**	**160,503**	**119,665**	**120,087**
Costs of financing the specific benefits obligation for employees and leases	(2,482)	(2,386)	(2,326)	(850)	1,171
Other revenue	533	8,426	13,011	7,036	13,968
Profit before Zakat	**150,381**	**158,339**	**171,188**	**125,852**	**132,884**
Zakat	(13,012)	(7,884)	(11,709)	(8,644)	(11,057)
Profit for the year from continuing operations	**137,368**	**150,455**	**159,478**	**177,208**	**121,827**
Net Profit / (loss) for the year from non-continuing operations	669	-	(9,229)	(7,337)	-
Net Profit for the year	**138,037**		**150,455**	**150,249**	**109,871**
Remeasurement of employee end of service benefits	(1,217)	63	902	-	-
Other comprehensive income from non-continuous operations	44	-	-	-	-
Total comprehensive income / (loss) for the year	**136,864**	**150,518**	**151,151**	**109,871**	**121,827**

Source: The audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Table 7: Summary of the Company's Statement of Financial Position for the Financial Years as of 31 December 2020G, 2021G and 2022G, 30 September 2022G and 2023G:

Currency: SAR'000	Financial Year Ended 31 December			Nine-Month Period Ended 30 September	
	2020G Audited	2021G Audited	2022G Audited	2022G Reviewed	2023G Reviewed
Statement of Financial Position					
Cash and cash equivalents	55,439	107,684	116,160	-	44,117
Time Murabaha deposits – current portion	185,000	90,000	130,000	-	285,000
Investment at fair value through profit or loss	2,421	2,565	517	-	1,747
Trade receivables	244,210	230,042	228,602	-	292,980
Inventory	2,300	-	-	-	-
Prepayments and other debit balances	246,922	266,139	234,453	-	175,527
Due from related parties	-	24,072	16,893	-	18,942
Visas in use – current portion	5,401	17,808	21,055	-	14,546
Available visas	27,808	27,776	35,561	-	37,227
Total current assets	**769,500**	**766,086**	**783,241**	**-**	**870,087**
Time Murabaha deposits – non-current portion	10,000	10,000	10,000	-	10,000
Visas in use – current portion	11,822	8,637	5,864	-	5,588
Right-of-use assets	34,679	40,185	30,730	-	25,647
Investment property	26,906	-	-	-	-
Projects under progress	44,340	15,014	34,595	-	39,865
Property and equipment	226,303	151,850	141,655	-	138,172
Advance payments for long term investments	-	-	3,150	-	6,900
Total non-current assets	**354,049**	**225,685**	**225,995**	**-**	**226,173**
Total assets	**1,123,549**	**991,771**	**1,009,236**	**-**	**1,096,259**
Retained deposits – current portion	45,557	49,248	53,111	-	46,244
Unearned revenues	91,744	72,280	77,288	-	51,231
Trade payable	27,509	8,060	10,831	-	24,337
Accrued expenses and other credit balances	183,251	166,988	162,207	-	188,002
Related Party dues	-	27,766	924	-	968
Lease liabilities – current portion	11,827	12,892	8,714	-	4,666
Zakat provision	11,824	9,103	9,561	-	8,356
Total current liabilities	**371,712**	**346,339**	**322,635**	**-**	**323,805**
Retained deposits – non-current portion	64,409	60,151	55,157	-	59,119
Employees' defined benefit obligation	72,732	75,805	85,317	-	96,031
Lease liabilities	16,717	23,690	17,848	-	17,198
Total non-current liabilities	**153,857**	**159,646**	**158,321**	**-**	**172,347**
Total liabilities	**525,569**	**505,985**	**480,956**	**-**	**496,153**
Share capital	400,000	400,000	400,000	-	400,000
Statutory reserve	62,084	77,129	92,154	-	92,154
Retained earnings	135,896	8,657	36,126	-	107,953
Total equity	**597,980**	**485,786**	**528,280**	**-**	**600,107**
Total equity and liabilities	**1,123,549**	**991,771**	**1,009,236**	**-**	**1,096,259**

Source: The audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Table 8: Summary of the Statement of Cash Flows for the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Periods ended 30 September 2022G and 2023G

Currency: SAR'000	Financial Year Ended 31 December			Nine-Month Period Ended 30 September	
	2020G Audited	2021G Audited	2022G Audited	2022G Reviewed	2023G Reviewed
Net cash flows generated from / (used in) operating activities	294,005	122,469	195,192	96,830	149,984
Net cash flows generated from / (used in) investing activities	(190,262)	94,017	(63,325)	(2,408)	(161,470)
Net cash flows from / (used in) financing activities	(89,666)	(164,240)	(123,390)	(69,281)	(60,557)
Net change in cash and cash equivalents	**14,078**	**52,245**	**8,476**	**25,141**	**(72,043)**
Cash and cash equivalents at the beginning of the year/period	41,361	55,439	107,684	103,221	116,160
Cash and cash equivalents at the end of the year/period	**55,439**	**107,684**	**116,160**	**128,363**	**44,117**

Source: The audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Table 9: Key Performance Indicators for the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Period Ended 30 September2022G and 2023G

Currency: SAR'000	Financial Year Ended 31 December			Nine-Month Period Ended 30 September	
	2020G Audited	2021G Audited	2022G Audited	2022G Reviewed	2023G Reviewed
Revenue growth rate	-	(5.6%)	7.2%	-	0.3%
Gross profit - margin	13.9%	15.5%	12.9%	12.9%	12.8%
General and administrative expenses as a % of revenue	3.0%	3.6%	2.4%	2.6%	2.7%
Marketing expenses as a % of revenue	2.6%	2.8%	1.8%	1.5%	1.1%
Profit for the year - margin	7.6%	8.8%	8.2%	8.1%	8.9%
Current ratio	207.0%	221.2%	242.8%	-	268.7%
Return on assets	12.3%	15.2%	14.9%	-	14.8%
Return on equity	23.1%	31.0%	28.4%	-	27.1%
Total liabilities to total assets ratio	46.8%	51.0%	47.7%	-	45.3%
Total liabilities to equity ratio	87.9%	104.2%	91.0%	-	82.7%
Total assets to equity ratio	187.9%	204.2%	191.0%	-	182.7%
Manpower deployed - Business	24,992	21,659	22,816	22,932	20,867
Manpower deployed - Raha Mouqeemah	10,741	8,532	10,065	9,498	10,657
Manpower deployed – Raha Hourly	5,134	4,039	4,399	4,416	3,792
Manpower deployed – Total	40,866	34,230	37,280	36,846	35,315
Raha Hourly visits	1,712,707	2,093,302	2,294,865	1,661,943	1,444,231
Average revenue per manpower deployed (in SAR) - Business	53,430	55,333	56,791	42,017	44,557
Average revenue per manpower deployed (in SAR) -Raha Mouqeemah	28,534	31,333	29,759	21,962	24,544
Average revenue per manpower deployed (in SAR) - Raha Hourly	34,086	59,570	53,479	40,103	42,997
Average revenue per manpower deployed (in SAR) - Total	44,471	50,124	49,353	36,998	38,704
Gross profit/(loss) margin - Business	14.7%	10.5%	12%	11.2%	10.5%
Gross profit/(loss) margin - Raha Mouqeemah	21.6%	28.5%	13.2%	15%	16.7%
Gross profit/(loss) margin - Raha Hourly	(5.6%)	24.6%	17.6%	16.7%	23.3%
Gross profit/(loss) margin - Total	13.9%	15.5%	12.9%	12.9%	12.8%

Source: Management information.

SUMMARY OF RISK FACTORS

Prior to making an investment decision with respect to the Offer Shares, prospective investors should carefully consider all of 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 Relating to the Nature of the Regulatory Environment
- Risks Relating to the Group's Inability to Obtain Work Visas Necessary for its Business
- Risks Related to Pricing Restrictions
- Risks Related to Agreements Concluded Between MHRSD and the Philippines Government
- Risks Related to the Group's Retention of its Manpower Resources
- Risks Related to Manpower Utilisation Rates
- Risks Related to Acquired Companies and the Disposal of the Company's Shares in its Subsidiaries
- Risks Relating 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 Relating to the Group's Reliance on Key Clients in the Corporate Segment
- Risks Relating to the Group's Contracts with Key Clients
- Risks Related to Framework Service Agreements
- Risks Relating to the Concentration of Revenue in Top Five Clients and in the Corporate Segment
- Risks Relating to Default or Insolvency of Clients
- Risks Relating to the Group's Reliance on Manpower Resources Recruited from Certain Countries
- Risks Relating to the Group's Inability to Maintain its Relationship with Recruitment Agencies
- Risks Relating to the Group's Inability to Recruit Qualified Manpower Resources
- Risks Relating to Quality of Services and Positive Reputation
- Risk Relating to Manpower Resources Housing
- Risks Relating to Transportation of Manpower Resources
- Risks Related to the Residual Value of Existing Contracts
- Risks Related to Inability to Adequately Maintain the Confidentiality and Integrity of Client and Employee Data
- Risks Related to the Reliance on Information Technology Infrastructure
- Risks Relating to the Group's Inability to Achieve Significant Growth in the Company's Revenues and the Inability to Expand and Develop
- Risks Relating to Credit Card and Debit Card Payments
- Risks Relating to Challenges from any Expansion into New Markets and Ancillary Businesses
- Risks Relating to Infectious Diseases or Any Threats to Public Health
- Risks Related to Related Party Transactions and Agreements
- Risks Related to Engagement of Board Directors or Senior Executives in Business Competing with the Group's Business
- Risks Related to Dependence on Third Parties, Suppliers and Services Providers
- Risks Related to Adverse Changes in Exchange Rate
- Risks Related to Collection of Receivables
- Risks Relating to the Bank Guarantee to MHRSD
- Risks Related to Reliance on Executive Management and Key Personnel
- Risks Related to Employee Misconduct or Errors
- Risks Related to Employing and Sponsoring Non-Saudi Employees
- Risks Related to Failure to Secure Adequate Insurance Coverage
- Risks Related to Litigation

- Risks Related to Protection of Intellectual Property Rights
- Risks Related to Potential Zakat and Tax Liabilities
- Risks in Connection with the Use of Accounting Assumptions, Estimates and Judgments, and the Corresponding Errors
- Risks Related to Significant Working Capital Needs and Liquidity
- Risks in Connection with Financial Liabilities
- Risks Related to Licences and Approvals
- Risks Related to Credits
- Risks Related to Newly Implemented Corporate Governance Regulations
- Risks Related to Failure by the Audit Committee and the Nomination and Remuneration Committee to Perform Their Duties as Required
- Risks Related to Lack of Experience in Managing a Listed Joint Stock Company

Risks Related to the Market, Industry and Regulatory Environment

- Risks Related to General Economic Conditions and its Impact on the Group's Business
- Risks Related to the Adverse Changes in Interest Rates
- 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 Change
- 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 Saudisation Requirements
- Risks Related to Compliance with the Companies Law, the Implementing Regulations and the Corporate Governance Regulations
- Risks Related to the New Civil Transactions Law and its Implementation

Risks Related to Offer Shares

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

Table of Contents

List of Tables

List of Exhibits


سماسكو
SMASCO

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	Advisors of the Company in relation to the Offering, whose names appear on pages (vi) to (vii) of this Prospectus.
Affiliate	A person who controls another person, or is controlled by that other person, or shares control by a third person. In any of the above, control is direct or indirect.
Audit Committee	The Audit Committee of the Company.
Auditors	1- Baker Tilly MKM & Co. for the audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G; and 2- Dr Mohamed Al-Amri & Co for the reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.
Bidding Participation Application	The application submitted by the Participating Entities to the Bookrunner 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. 1-301-2022, dated 2 Rabi' al-Awwal 1444H (corresponding to 28 September 2022G).
Bookrunners	SNB Capital Company.
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 12.12 (*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/132), dated 1 Thul-Hijjah 1443H (corresponding to 30 June 2022G), as amended.
Company or Issuer	Saudi Manpower Solutions Company (SMASCO).
Control	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: 1- holding 30 per cent. or more of the voting rights in the Company; or 2- 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), as amended pursuant to CMA Board Resolution No. 8-5-2023 dated 25 Jumada al-Akhirah 1444H (corresponding to 18 January 2023G) and as further amended from time to time.
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.
Executive Committee	The Executive Committee of the Company.
Extraordinary General Assembly	An Extraordinary General Assembly of the Company's Shareholders convened in accordance with the Bylaws.

Financial Advisor	SNB Capital Company.
Financial Due Diligence Advisor	Ernst & Young Professional Services.
Financial Statements	The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G 2022G, and the reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G 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 or reviewed, as applicable, by the Auditors in accordance with the audit or review reports, as applicable, 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	1- 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 licenced by the CMA to purchase shares listed on the Exchange. 2- A foreign natural or legal person, which is a client of a Capital Market Institution authorised by the CMA to conduct managing activities, provided that the Capital Market Institution has been appointed on conditions that enable it to make all investment decisions on the client behalf without obtaining prior approval from the client.
Foreign Strategic Investor	A foreign legal entity that aims to own a direct percentage in a listed Company's Shares for a period of not less than two years, for the purpose of contributing in enhancing the financial or operational performance of such listed company.
Full-Time Equivalents (FTEs)	It is a unit of measurement that indicates the personnel required to conduct various works within an organisation. It represents the total number of employees required to complete full-time work according to the job policy or a group of part-time employees whose working hours are equivalent to the full-time work schedule.
G	The Gregorian calendar.
GCC	The Cooperation Council for the Arab States of the Gulf, consisting of the Kingdom of Bahrain, State of Kuwait, Sultanate of Oman, State of Qatar, Kingdom of Saudi Arabia and 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 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.
General Assembly	An Extraordinary General Assembly and/or an Ordinary General Assembly of the Company's Shareholders, and "**General Assembly**" means any General Assembly of the Company.
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	International Accounting Standards Board.
IFRS	International Financial Reporting Standards issued by the IASB as endorsed in the Kingdom and other standards and pronouncements issued by SOCPA, including the standards and statements approved by SOCPA, which include standards and technical publications related to issues not covered by IFRS, such as Zakat.
Implementing Regulations for Recruitment Rules	The Implementing Regulations for Recruitment Rules issued by Ministerial Resolution No. 70273, dated 11 Rabi' al-Thani 1440H (corresponding to 18 December 2018G), as amended.
Individual Subscribers	Individuals with 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 a Receiving Agent and the right to open an investment account with a Capital Market Institution or those who have an active portfolio with SNB Capital Company in the event of subscription through SNB Capital Company.
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. 2-22-2021G on 12 Rajab 1442H (corresponding to 24 February 2021G).
Kingdom	The Kingdom of Saudi Arabia.

Labour Law	The 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	SNB Capital Company.
Legal Advisor	STAT Law Firm.
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. 1-108-2022G dated 23 Rabi' al-Awwal 1444H (corresponding to 19 October 2022G).
Lock-up Period	The six-month period during which the Substantial Shareholders may not dispose of any of their Shares from the date on which trading of the Shares commences on the Exchange.
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 Consultant	Arthur D. Little Saudi Arabia.
Market Report	The independent market report on the manpower services market in the Kingdom prepared by the Market Consultant exclusively for the Company.
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 1 per share.
Nomination and Remuneration Committee	The Nomination and Remuneration Committee of the Company.
Offer Price	SAR 7.5 per Share.
Offer Shares	One hundred and twenty million (120,000,000) Shares, representing 30 per cent. of the Company's share capital.
Offering	The initial public offering of one hundred and twenty million (120,000,000) ordinary Shares with a fully paid-up nominal value of one Saudi Arabian Riyals (SAR 1) per Share, representing 30 per cent. of the Company's share capital at an Offer Price of SAR 7.5 per Share.
Offering Period	A period of two (2) days starting on Sunday 18/11/1445H (corresponding to 26/05/2024G), until the end of Offering on Monday 19/11/1445H (corresponding to 27/05/2024G).
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, 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- persons authorised to participate in trading activities as principals, in compliance with the provisions of the Prudential Rules upon submission of a Subscription Application Form; 3- clients of persons 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 Center, 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 Center; 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) and amended pursuant to CMA Board Resolution No. 1-129-2022, dated 4 Jumada al-Akhirah 1444H (corresponding to 28 December 2022G), 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; and 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, in accordance with the Rules for Foreign Investment in Securities, is qualified to invest in listed securities.
Receiving Agents	The Receiving Agents whose names appear on page (xiii) of this Prospectus.
Related Party	It includes, in this Prospectus, the term "**Related Party**" or "**Related Parties**" in accordance with 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. 226-2023 dated 5 Ramadan 1444H (corresponding to 27 March 2023G) as follows: 1- Affiliates of the Issuer except for wholly owned companies by the issuer; 2- substantial Shareholders of the Issuer; 3- Directors and Senior Executives of the Issuer; 4- Directors 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, 5 above; and 7- any company controlled by any person described in paragraphs 1, 2, 3, 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 for Foreign Investment in Securities	The Rules for Foreign Investment in Securities issued pursuant to CMA Board Resolution No. 2-26-2023, dated 5 Ramadan 1444H (corresponding to 27 March 2023G).
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. 3-6-2024, dated 5 Rajab 1445H (corresponding to 17 January 2024G).
SAR	The Saudi Arabian Riyal, which is the lawful currency of the Kingdom.
SAIBOR	The Saudi Arabian Interbank Offered Rate.
Saudi Central Bank (SAMA)	Saudi Central Bank.
Saudisation	Nationalisation requirements applicable in the Kingdom in relation to the labour market.
Secretary	The Secretary of the Company's Board of Directors.
Senior Executives	The members of the Company's Executive 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 one Saudi Arabian Riyals (SAR 1) per share in the Company's capital issued from time to time.
SOCPA	The Saudi Organisation for Chartered and Professional Accountants.

Subscriber(s)	The Participating Entities and Individual Subscribers participating in the Offering.
Subscription Application Form	The subscription application form to be used by Participating Entities and Individual Subscribers (as the case may be) to subscribe for the Offer Shares.
Subsidiaries	1- Saudi Logistic Services Company Limited; 2- Terhab Customer Experience Company Limited; 3- Romoz Development Company for Communications and Information Technology Company; 4- Saneem Investment Company; and 5- Business Solutions Centre Private Limited Company.
Substantial Shareholders	Any Shareholder who owns five per cent. (5%) or more of the Company's share capital prior to the Offering and whose names appear in Table 2 (*The Substantial Shareholders and Their Ownership in the Company Pre- and Post-Offering*).
swap agreements	Non-GCC nationals individuals residing outside the Kingdom and corporations registered outside the GCC countries, with the exception of Qualified Foreign Investors and Foreign Strategic Investors, in accordance with the Rules for Foreign Investment in Securities, to gain the economic benefits of shares by entering into swap agreements with Capital Market Institutions licenced by the CMA to buy, own and trade in shares listed in the capital markets for the benefit of foreign investors. Under the swap agreement, the Capital Market Institutions will be registered as legal owners of those shares.
Underwriter	SNB Capital Company.
Underwriting Agreement	The Underwriting Agreement entered into between the Company, the Selling Shareholder and the Underwriter in connection with the Offering.
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 to specific sectors in the Kingdom and in the other GCC Countries. The amount of value added tax was initially five per cent., but a number of products (such as basic food, and 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.
Vision 2030	The National Strategic Economic Programme, which aims to reduce dependence on oil and the petrochemical industry, diversify the Saudi economy and develop public services, which was announced by the Saudi Government in 2016G.
ZATCA	The 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 those affecting the Company or associated with an investment in the Offer Shares. There may be additional risks and uncertainties that the Company is currently not aware 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 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 licenced 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 reflect their expected impact on the Group.

2.1 Risks Related to the Activities and Operations of the Company

2.1.1 Risks Relating to the Nature of the Regulatory Environment

Rules relating to licensing and regulation of manpower companies were first issued by the MHRSD in 2011G. The Company was formed in February 2012G and it has been operating for 11 years in a regulatory environment which is rapidly changing, 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 to conduct its business. For example, in 2023G, the MHRSD issued requirements that need to be met by manpower companies to improve their quality. These requirements include, but are not limited to, ensuring that the average proportion of domestic workers does not fall below 30 per cent. of the total workforce of the Company. Additionally, the monthly provision of domestic workers' services should be no less than 25 per cent. of the total workforce. Moreover, the proportion of domestic workers available by hourly rental should not be less than 10 per cent. of the total available domestic workforce providing domestic worker services. Furthermore, MHRSD restricted all licensed companies, including the Company, from obtaining new work visas for corporate clients until they complied with such requirements. As a result of the Company's commitment to meeting MHRSD's requirements, the average percentage of domestic workers reached 41 per cent. and the average percentage of hourly service reached 27 per cent. as of the date of this Prospectus. In the event that the Company is unable to deal with significant changes in the regulations of manpower companies or licence requirements applicable to the Company in the future in a prompt manner, this will add additional operational or financial burdens on the Company and would have an adverse effect on the Company's business, financial condition, results of operations and prospects.

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

The Group's business mainly 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. However, the MHRSD, in its sole discretion, may decrease the number of work visas issued to manpower companies or suspend issuance of work visas to manpower companies. The Group obtained 8,277, 17,700, 23,930 and 11,563 work visas in the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, 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 the workforce available to the Group, which would have an adverse effect on its business, financial condition, results of operations and prospects.

2.1.3 Risks Related to Pricing Restrictions

The Group is subject to pricing restrictions imposed by the MHRSD, including a ceiling on services provided to the individual segment, namely the Raha Mouqeemah, on-demand service (Raha Hourly) and sponsorship transfer services. On 23 February 2023G, MHRSD set a higher ceiling for the hourly prices of domestic workers and sponsorship transfer fees. In addition, MHRSD approved price ceilings on recruitment fees for certain nationalities. Therefore, if the ceiling for manpower resources rates are reduced, the sponsorship transfer fees are increased, or new price ceilings are applied on certain nationalities, this will adversely affect the Company's future revenue and profitability, which in turn will adversely affect the Group's business, financial position, results of operations and prospects.

Furthermore, the agreements concluded by MHRSD with the Government of the Philippines set a minimum wage of SAR 1,500 per month for Filipino domestic workers, which is the starting wage paid by the Group to Filipino manpower resources. Furthermore, the starting wage paid by the Group to Indonesian manpower resources is SAR 1,200 per month, although there is currently no minimum wage for Indonesian manpower resources. The has approximately 5,930 manpower resources from Indonesia (representing approximately 38.4 per cent. of total employment in the individual segment) and there are no manpower resources from Indonesia in the corporate segment. The Company has nearly 2,284 manpower resources from the Philippines (representing approximately 14.8 per cent. of total employment in the individual segment) and nearly 2,893 manpower resources from the Philippines in the corporate segment (representing approximately 14.1 per cent. of total employment in the corporate segment) as of 30 September 2023G. Any changes or increases in the minimum wage requirements for Indonesian or Filipino manpower resources would have a direct adverse effect on the Company's total profit from the individual segment, which in turn would affect the Group's business, financial position, results of operations and prospects.

2.1.4 Risk Related to Agreements Concluded Between MHRSD and the Philippines Government

In the year 2023G, the MHRSD concluded agreements with the Philippines Government that resulted in the imposition of several restrictions on the recruitment of manpower resources from the Philippines, including for example, setting a minimum wage of SAR 1,500 per month for Filipino domestic manpower resources. This resulted in a decrease in the number of Filipino manpower resources at the Company, with approximately 2,284 male and female manpower resources within the individual segment (representing approximately 14.8 per cent. of total employment in the individual segment) and 2,893 male and female manpower resources within the corporate segment (representing approximately 14.1 per cent. of total employment in the corporate segment) as of September 30 2023G. As a result of the decrease in the number of Filipino manpower resources, the number of visits in the Raha Hourly sector also decreased by 217,712 visits in the nine-month period ended 30 September 2023G compared to the nine-month period ended 30 September 30 2022G, which led to a decrease in revenues generated from the Raha Hourly sector by a rate of 7.9 per cent. (equivalent to SAR 14 million) for the same periods. Accordingly, any changes or increases in the minimum wage requirements for Filipino manpower resources would have a direct adverse effect on the Company's total profit from the individual segment, which in turn would affect the Group's business, financial position, results of operations and prospects.

2.1.5 Risks Related to the Group's Retention of its Manpower Resources

The Group concludes fixed-term employment contracts with its manpower resources and these contracts are usually limited to an initial period of two years. The overall profitability of the Group is influenced by manpower resource retention rates since the Group incurs various expenses when recruiting and hiring such resources, including recruitment and training fees, as well as a non-revenue generating period until manpower resources are hired by clients. Conversely, retention of manpower resources beyond the initial contract period, typically around two years, will enable the Group to achieve a higher gross profit margin due to the lower costs of manpower resources during such periods. This is because the Group avoids incurring lump sum (one-time) costs during subsequent contract periods (such as recruitment and training costs). The Group's retention rate with respect to its manpower resources, after the end of the initial contract period, has reached of 14.0 per cent., 25.0 per cent., 42.0 per cent. and 47.0 per cent. in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G. Therefore, the low retention rate of the Group's manpower resources affects its total earnings and profit margin, and therefore adversely affects the Group's business, financial position, results of operations and prospects.

The Company also faces the risk of manpower resources not completing the initial contract period under the employment contract as a result of absenteeism from work, which amounted to 6.0 per cent., 5.0 per cent., 9.0 per cent. and 7.0 per cent. of its total manpower resources in the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, respectively. Accordingly, the Group remains vulnerable to incurring non-refundable expenses, in addition to certain other operational risks, such as the cost of replacement and the negative impact on its reputation with clients. In its income statement, the Company also recognises certain assets that it amortises over the course of two years or the initial contract period with the manpower resource, whichever is shorter. These assets include: (1) recruitment fees paid to recruitment agencies, as well as airline ticket fees to bring the worker to the Kingdom; and (2) used visas, paid for in advance, to the competent authority. If it is proven that the manpower resource has not completed the initial contract term, the Group will be required to record the landing cost in the value of those assets. In the case of manpower resources not completing their initial contract term, the Group is not compensated for prepaid expenses such as recruitment fees and employment visas. Therefore, this will increase the costs incurred by the Group and adversely affect its business, financial position, results of operations and prospects.

2.1.6 Risks Related to Manpower Utilisation Rates

The Company calculates and monitors the manpower resource utilisation rate in the individual segment especially for its on-demand service (Raha Hourly), based on the number of visits made during a period as a proportion of the total number of visits available. This is calculated internally using the Company's software, which automatically calculates the number of visits available to the manpower resource per month based on two visits per day, six working days per week. The manpower resource utilisation rate for its on-demand service (Raha Hourly) was affected during the financial year ended 31 December 2020G (64.4 per cent.) as a result of the pandemic, which limited the number of visits. On the other hand, utilisation rates increased to 85.5 per cent., 84.5 per cent. and 88.2 per cent. in the financial year ended 31 December 2021G and 2022G, and the nine-month period ended 30 September 2023G, respectively, mainly driven by the lifting of pandemic restrictions and increased demand for on-demand service (Raha Hourly). The increase in the manpower resource utilisation rate in the nine-month period ended 30 September 2023G was due to the decrease in the number of the Group's manpower resources in the Raha Hourly sub-segment from 4,416 manpower resources as of 31 December 2022G to 3,792 as of 30 September 2023G. Accordingly, if the Group's manpower resource utilisation rate decreases in the future for any reason, this will have an adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.7 Risks Relating to Acquired Companies and the Disposal of the Company's Shares in its Subsidiaries

In 2021G, the Company transferred the entire ownership of its Subsidiaries, Saudi Medical Services Company (Adeed), Saudi Facilities Management Company (Saudi Marafiq), Terhab Customer Experiences Company Limited and Romoz Development Company for Communications and Information Technology Company, at the book value of each company, to Al Holoul Al Mutakamela Holding Company (which was founded by the Company's Shareholders). The Shareholders of the Company at the time transferred all of their Shares in the Company to Al Holoul Al Mutakamela Holding Company. The percentage of transferred assets represented 4 per cent. of the Group's net assets as of 31 December 2020G. In the year 2022G, the Company acquired the entire ownership of Terhab Customer Experiences Company Limited and Romoz Development Company for Communications and Information Technology Company, at the book value of each company; the percentage of assets acquired represented 1.4 per cent. of the Group's net assets as of 31 December 2022G. In the same year, the Company transferred its ownership in Esnad for Building and Housing Cleaning Services Company and Areeb Human Resources Company, at the book value of each company to Al Holoul Al Mutakamela Holding Company. The value of the transferred assets represented 1.1 per cent. of the Group's net assets as of 31 December 2022G (for further information, see Section 4.6 (*Company's Key Historical Changes*) and Section 6.4.4 (*Discontinued Operations*)). The Company may not be able to achieve the desired goals of these disposals and acquisitions due to the loss that may result from the disposal or the inability to manage the companies that have been acquired, which may lead to incurring additional costs and not achieving the desired profits from these acquisitions. This will have an adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.8 Risks Relating 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. Accordingly, 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, other Government taxes or fees, in addition to changes in the general Saudisation 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 prospects.

2.1.9 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 mainly 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 are historically carried out by humans will continue, and may increase in the future to replace operations that are dependent on humans using advanced technologies that are outside the scope of the Group's business and control. 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 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 the Group's services, particularly for limited-skill job categories. Initiatives 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 position, results of operations and prospects.

2.1.10 Risks Relating to the Group's Reliance on Key Clients in the Corporate Segment

The Group's revenues from the top 20 clients amounted to SAR 683.0 million, SAR 647.0 million, SAR 692.0 million and SAR 532.0 million, respectively, representing an average of 51.1 per cent., 53.7 per cent., 53.4 per cent. and 55.9 per cent. of the Group's total revenues for the Corporate Segment in the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, respectively. One of the largest top 20 clients from the corporate segment is a Related Party, namely, Saudi Facilities Management Company (Saudi Marafiq) (a wholly-owned Subsidiary of Al Holoul Al Mutakamela Holding Company, which in turn owns 70 per cent. of the Company's Shares before the Offering). Revenues from Saudi Facilities Management Company (Saudi Marafiq) represented 0 per cent., 8.9 per cent., 8.4 per cent. and 7.1 per cent. of total revenues generated by the top 20 clients for the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, respectively. The Group may be exposed to risks arising from the possible loss of major clients. In addition, some of the Group's clients operate in industries that have experienced adverse business and financial conditions 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 condition, results of operations and prospects.

2.1.11 Risks Relating to the Group's Contracts with Key Clients

The Group's contracts with its key corporate clients are generally 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 request the other party to pay compensation in the form of damages. In addition, the Company may not be able to renew its contracts with corporate clients upon their expiration for various reasons, or it may be able to renew its contracts but on terms that are not favourable to the Group. If the Group fails to maintain its relationships with its corporate clients in general, and key corporate clients in particular, the Group may lose a significant portion of its revenues, which may not be offset by other client accounts. The occurrence of such risks would have an adverse effect on the Group's business, financial condition, results of operations and prospects.

2.1.12 Risks Related to Framework Service Agreements

All of the framework agreements concluded by the Group for providing services to its corporate clients include provisions allowing clients to request manpower services based on their needs. Under such agreements, the Group's clients often have little obligation to request manpower services, if any. The Group may hire employees permanently to enable it to promptly respond to a request from such clients under these agreements. 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 position, results of operations or prospects would be materially adversely affected.

2.1.13 Risks Relating to the Concentration of Revenue in Top Five Clients and in the Corporate Segment

Revenues generated from the Group's top five clients through framework service agreements amounted to SAR 473.0 million, SAR 454.0 million, SAR 496.0 million and SAR 371.0 million, respectively, representing 35.4 per cent., 37.9 per cent., 38.3 per cent. and 39.9 per cent. of the corporate segment's total revenues and representing 26.0 per cent., 26.5 per cent., 27.0 per cent. and 27.1 per cent. of the Company's total revenues for the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, respectively. The percentage of revenues from the corporate segment represented 73.5 per cent., 69.9 per cent., 70.4 per cent. and 68.0 per cent. of the Company's total revenues for the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, respectively. Revenues from Related Party transactions represented 0 per cent., 12.6 per cent., 11.7 per cent. and 10.1 per cent. of total revenues generated by the top five clients in the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, respectively. For further information about the Company's top five clients in the corporate segment, see Table 4.54 (*The Group's Top Five Clients in Terms of Revenue in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Period Ended 30 September 2023G*). The Group may be exposed to risks arising from the possible loss of major clients. The Company has a single framework agreement for one of the Group's top five clients that includes the client's subsidiaries. The revenues resulting from such agreement amounted to SAR 294.1 million, SAR 280.9 million, SAR 283.8 million and SAR 216.5 million, respectively, representing 16.8 per cent., 16.37 per cent., 15.42 per cent. and 15.84 per cent. of the Company's total revenues for the financial years ending on 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, respectively. If such agreement is terminated or if the Company loses this client's business, it would adversely impact the Group's business, financial condition, results of operations and prospects. In addition, some of the Group's clients operate in industries that have experienced adverse business and financial conditions 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 condition, results of operations and prospects.

2.1.14 Risks Relating to Default or Insolvency of Clients

The Group's revenues are generated by payments from 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 factors that affect their ability to pay. For instance, one of the Company's key clients experienced negative changes in their financial and operational position in 1440H (2018G), which led to its inability to fulfill its obligations to the Group by an amount of approximately SAR 20.7 million. The Company was forced to file a lawsuit to collect the amount and a final ruling from the Commercial Court was issued in 1443H (2021G) ordering this client to pay SAR 20.7 million to the Company. The client was unable to pay the amount, as he submitted a request to open financial regulation procedures with the Commercial Court, and in 1445H (2023G), the debt owed to the Company was restructured to be paid over a period of ten years. The client issued Sukuk in favour of the Company for the entire debt and the Company made provision for doubtful debts against this client's account for an amount of SAR 17.7 million. The Company will gradually reverse the provision to the extent it collects partial repayments from the Sukuk over the repayment period. As of 30 September 2023G, the Company has set aside a provision of SAR 36 million for doubtful debts. 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 prospects.

2.1.15 Risks Relating 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 18 different countries to provide manpower services, with a concentration of manpower resources from seven countries, namely India, the Philippines, Nepal, Indonesia, Uganda and Pakistan. As of 30 September 2023G, 83.5 per cent. of the Group's foreign manpower resources were recruited from these countries, compared to 94.0 per cent., 79.0 per cent. and 88.0 per cent., respectively, as of 31 December 2020G, 2021G and 2022G, respectively. In the nine-month period ended 30 September 2023G, the Group's revenues from the individual segment (Raha Hourly) decreased compared to the same period in 2022G, from SAR 1.7 million to SAR 1.4 million. This was due to the decrease in the number of employees in the Company as a result of restrictions imposed by the Philippines Government on recruitment of Filipino manpower. Accordingly, the Group's inability to recruit foreign manpower resources from any of the above countries, for any reasons, including a deterioration in the diplomatic relationships between the Kingdom and any such country, 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 prospects.

2.1.16 Risks Relating to the Group's Inability to Maintain its Relationship with Recruitment Agencies

The Group recruits foreign manpower resources using search and selection processes from recruitment agencies located in 40 different countries. As of the date of this Prospectus, the Group had contractual relationships with 43 recruitment agencies in a number of countries including India, the Philippines, Nepal, Indonesia and Pakistan, for the recruitment of qualified foreign manpower resources across a number of industries. In the event that one of the parties to the agreements with such foreign recruitment agencies fails to meet its contractual obligations, the affected party may terminate the relevant contract and request compensation from the other party in the form of 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 at terms that are advantageous to the Group. If the Group fails to maintain its relationships with recruitment agencies, the Group 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 prospects.

2.1.17 Risks Relating 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 experiences necessary to fulfil its clients' needs. The Group intends to increase the volume of business in the Kingdom by increasing the number of its workforce, which may not be available to the Group in sufficient numbers or on employment terms that are acceptable to the Group. 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 Group fails to recruit and retain qualified manpower resources who meet the needs of its clients, its reputation, business and financial results could be materially adversely affected.

Furthermore, Governments in countries from where the Group recruits its manpower resources may seek to change the work conditions and/or terms of the employment agreements and this 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 continuously recruit foreign manpower resources, this would have an adverse effect on the Group's business, financial condition, results of operations and prospects.

2.1.18 Risks Relating to Quality of Services and Positive Reputation

The major clients whom the Group targets may not continue to rely on the Group's services. Demand for the Group's services depends on several factors, including cost, ease of use, familiarity of use, convenience, timeliness, 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 and its ability to continuously generate revenues could be reduced. Additionally, the Group relies on its reputation in the market to provide manpower services. 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, 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, or the improper dissemination of, personally identifiable information of candidates and clients. Negative or inaccurate posts or comments about the Group on any social networking platforms about the Group, even if based on rumours or misunderstanding, could damage its reputation, value, brand image and goodwill. Damage to the reputation of the Group 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, reducing investor and client confidence in the Group, which would have an adverse effect on its business, financial condition, results of operations and prospects.

2.1.19 Risk Relating to Manpower Resources Housing

The Group is required to secure housing for its manpower resources pursuant to the Implementing Regulations for Recruitment Rules. As of the date of this Prospectus, the Group's has 61 leased facilities from third parties (including 51 facilities used as housing facilities for manpower resources) (for further information about properties owned and leased by the Company, see Section 12.8 (*Real Estates*)). During the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, lease expenses amounted to SAR 9.7 million, SAR 9.6 million, SAR 10.3 million and SAR 7.7 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, whether during the lease term or at the time of renewal, in accordance with the relevant terms thereto. Any increase in the rent amount would result in additional costs on the Group, which could have an adverse effect on its business, financial condition, results of operations and prospects.

Moreover, the Group's ability to find suitable facilities for its housing needs 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 facilities for its housing needs at reasonable costs, or at all, or 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, subject to fines and penalties imposed by the MHRSD. This in turn would have an adverse effect on the Company's business, financial condition, results of operations and 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 lease agreements not registered on the electronic "**Ejar**" platform may be considered as non-enforceable administratively and judicially. As of the date of this Prospectus, the Company has four lease agreement which are not registered on the "**Ejar**" platform, out of the 61 lease agreements concluded by the Group. Therefore, in the event of any dispute between the Group and the relevant lessors with respect to such 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 loss and/or injuries to occupants, furniture and fixtures. If the Group is liable for any of such accidents, whether intentionally or negligently, the Group may be liable for damages claims. This may result in costs that are not covered by the Group's insurance policies, which would have an adverse effect on its business, financial condition, results of operations and prospects.

2.1.20 Risks Relating to 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, decrease in 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 prospects.

In addition, the Group transports its manpower resources in the Individual segment to and from its clients' places of business and/or residences within the Kingdom, using the Group's transportation fleet (for further information about the Group's transportation fleet, see Section 4.9.4.6 (*Transportation Fleet*)). If transportation of the Group's manpower resources to its clients is interrupted for any reason or if any of its transportation fleet is involved in any 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 any increase in transportation costs including any increase 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 prospects.

2.1.21 Risks Related to the Residual Value of Existing Contracts

In light of the nature of the Company's activity, the residual value of the Group's existing contracts is determined differently, as the total number of employees allocated to long-term service contracts and full-time manpower supply orders is calculated, less the FTEs employees who were previously employed or utilised by clients. The value of unfilled manpower supply orders represents future revenues under applicable manpower supply orders. As of 31 December 2020G, 2021G and 2022G, and as of 30 September 2023G, the value of the backlog was (the number of contracted vacancies according to manpower supply requests from various clients, which represents the number of employees required to be provided by the Group to its clients) 754, 2,728, 1,410 and 2,795 FTEs, respectively, which represent 3.0 per cent., 12.6 per cent., 6.2 per cent. and 13.4 per cent. of the average number of manpower billed to the business sector for the same periods.

However, there are risks linked to these FTE-based contracts. The actual deployment and utilisation of the 2,795 FTEs as of 30 September 2023G, for instance, are subject to fluctuations in client demands and operational capabilities. Actual revenue generation depends on the efficient deployment of these resources across various sectors. Any misalignment in this deployment could impact expected revenue.

Moreover, the residual value of these contracts, while indicative of future revenues, does not guarantee profits. Factors such as contract revisions, early terminations with associated penalties, or clients' failure to fulfil contract terms can affect the actual revenue realised. These risks are compounded in FTE-based contracts, where workforce management and client requirements are dynamic and can change rapidly.

Given these factors, the value of existing contracts, including those measured in FTEs, should not be solely relied upon as an indicator of future revenue. The Group's future revenue growth and profitability depend on its ability to adapt to changes in contract terms, client demands and effectively manage its FTE deployment. If the Group's revenue from these contracts falls short of expectations, it could adversely affect its business, financial position, results of operations and prospects.

2.1.22 Risks Related to 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 cards numbers, birth dates and other private data. Some of this data is private and may be a target of some 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 prospects.

The Personal Data Protection Law was promulgated under Royal Decree No. M/19, dated 9 Safar 1443H (corresponding to 16 September 2021G), which was due to enter into force (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 and 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 have 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 did it take adequate steps to ensure compliance therewith. In the event that the impact of the Personal Data Protection Law and its implementing regulations would be upon application 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 prospects.

The commitment to changing privacy and security laws may also lead to an increase in cost due to the necessary changes in the laws and because of the imposition of new restrictions or controls on the Group's business models and developing new administrative processes. These laws, conditions and regulations may impose further restrictions on the Group's collection of personal data in one or more of its databases as well as their disclosure and utilisation. Failure to adhere to 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 the Group's business, financial position, results of operations and prospects.

2.1.23 Risks Related to the Reliance on Information Technology Infrastructure

The Group depends heavily on the secure and reliable performance of its information technology systems in its operations and business management, including its finance and human resources departments. The Group relies on the efficiency and ability of these systems to manage its business effectively and any potential failure in managing these systems will have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's information technology systems may also be exposed to damage resulting from computer viruses, natural disasters, hacking attacks, hardware or software failure, power fluctuations, cyber terrorism and other similar matters. In addition, a breach of the Group's cybersecurity measures could also lead to the loss, destruction or theft of confidential or proprietary data, which could expose the Group to liability or incur material losses to customers, suppliers or those dealing with the Group.

Cyber-attacks and other cyber incidents are occurring with greater frequency and are constantly evolving in terms of their nature and sophisticated tools. The Group's inability to maintain appropriate cybersecurity measures and keep pace with new and evolving threats may leave its systems vulnerable and similar risks exist in relation to external parties who may possess confidential data relating to the Group, such as its information technology support service providers, the Group's professional Advisors and banks and financial institutions with whom it deals. This will have a material adverse effect on the Group's business, financial position and internal operations.

A weakness of the Group's information technology systems and its failure to detect or respond to cyber incidents in a timely manner will have a material adverse effect on the Group's business, financial position, results of its operations and prospects.

2.1.24 Risks Relating to the Group's Inability to Achieve Significant Growth in the Company's Revenues and the Inability to Expand and Develop

Since the year 2019G, the Group has not achieved significant growth in its revenues, as the Group achieved revenues amounting to SAR 1,817 million, SAR 1,716 million, SAR 1,840 million and SAR 1,367 million for the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, respectively. This represented a revenue growth rate of 7.2 per cent., 5.6 per cent., 7.2 per cent. and 0.3 per cent. over the same periods. The reason for not achieving significant growth in revenues is due to the expiration of some manpower contracts, the impact of the COVID-19 pandemic on the Company's business, and the transfer of some manpower services from the Company to clients at the end of their contract period with the Company, in addition to direct employment by some clients in some sectors after the COVID-19 pandemic. Although the Group has developed a strategy to increase its revenues, which includes plans to expand the scope of the Group's services, its customer base and its geographical scope in the Kingdom, the Group may not be able to implement such strategies effectively due to a number of factors beyond the Group's control, such as a change in laws and regulation and/or local or international economic slowdown. 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 on an effectively and in a 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 the costs and risks in pricing its services and 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 the Group's growth in revenue, business, financial condition, results of operations and prospects.

2.1.25 Risks Relating 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 the relevant financial institutions, which may increase over time. If the Group encounters problems with its point-of-sale hardware and software, or its ability to process payments through any major credit or debit card payment system, this would impair the Group's ability to collect 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 prospects.

2.1.26 Risks Relating to Challenges from any Expansion into New Markets and Ancillary Businesses

While the Group's main activity is the supply of manpower services, the Group does envision expanding its reach into services that are complementary to manpower services, such as the provision of administrative services and employee management services, customised ERP programmes 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 culture, economic conditions of new locations and markets, difficulties in staffing, training and management of new employees, as well as a 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. Accordingly, 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 is lacking in any competitive advantage, this could also expose the Group 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 service offering in familiar sectors to support its existing business may lead to quality issues that may affect the Group's reputation and impact its financials. Any expansion into new markets would be subject to certain location-specific restrictions, including for example applicable laws and regulations in connection with localisation or nationalisation of certain jobs. The Group's failure to execute its business plan and growth strategy, or properly manage the expansion, would have a material adverse effect on its business, financial position, results of operations and prospects.

2.1.27 Risks Relating to Infectious Diseases or Any Threats to Public Health

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, which included imposing temporary restrictions, such as: banning travel, imposing a curfew, preventing movement between cities within the Kingdom, preventing activities that do not achieve social distancing and requiring people coming from other countries to quarantine for a specific period of time. This resulted in a decrease in the Company's manpower employment during the pandemic period by 64.4 per cent. for the Raha Hourly sub-segment for the financial year ended 31 December 2020G, as the number of visits during that period amounted to 1.7 million visits (compare this with the 2.1 million visits in the financial year ended 31 December 2021G after the easing of Government pandemic restrictions). The Raha Hourly sub-segment achieved its lowest revenue in the financial year ended 31 December 2020G; it amounted to SAR 174.9 million with an estimated total loss of 5.6 per cent. as a result of a decrease in revenue compared to the high fixed costs incurred by the Company in terms of salaries, in contrast to the financial year ended 31 December 2021G where the same sub-segment generated a revenue of SAR 240.6 million with an estimated total profit of 24.6 per cent.

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 the Group's control, such as the continuation of the pandemic, new waves of the coronavirus, new information that may appear regarding 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. The COVID-19 pandemic has subjected the Group's operations and financial performance to a number of risks, including those discussed below, which may also reoccur 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 businesses of the Group's clients has and may continue to be disrupted by quarantines, fluctuations in their financial condition and 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 have also reduced, and may continue to reduce, demand for its services;

- employee-related risks: the Group's has experienced disturbance and disruption to its operations from quarantines, self-isolations, or other movement restrictions which limited the ability of its employees to perform their jobs and which may impact the ability of the Company to deliver its services in a timely manner, meet its agenda or client commitments; and
- liquidity- and funding-related risks: a prolonged period of 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 when needed or increase in the cost of funding.

The resurgence of the coronavirus or another future disease could further negatively impact the global economy and financial markets. In the event that restrictions are imposed to limit its spread, this could have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.28 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 (for further details on Related Party transactions, 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 the Company's transactions and agreements with Related Parties are concluded on an arm's length basis. The transactions and agreements with Related Parties currently in place, in which some Directors have a direct or indirect interest, have been approved by the General Assembly at its meeting held on 9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G). In addition, some of the agreements concluded with Related Parties were approved by the Board of Directors, pursuant to the authorisation granted them to by the General Assembly on 5 Jumada al-Ula 1445H (corresponding to 28 November 2023G).

The total amount payable to Related Parties by the Company was SAR 0 during the financial year ended 31 December 2020G, comprising 0 per cent. of the Company's total liabilities in the same period, and SAR 27.8 million, SAR 0.9 million and SAR 1.0 million during the financial years ended 31 December 2021G 2022G and the nine-month period ended 30 September 2023G, respectively, representing 5.5 per cent., 0.2 per cent. and 0.2 per cent., respectively, of the Company's total liabilities in the same periods. The total amount of trade receivables payable by Related Parties to the Company were SAR 0, SAR 24.1 million, SAR 16.9 million and SAR 18.9 million during the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, respectively, representing 0 per cent., 2.4 per cent., 1.7 per cent. and 1.7 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 0, SAR 57.4 million, SAR 57.9 million and SAR 38.5 million during the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, respectively, representing 3.3 per cent., 3.1 per cent. and 2.8 per cent. of total revenues of the Company in the same periods, respectively. The percentage of revenues resulting from agreements concluded with Related Parties represented 0 per cent., 12.6 per cent., 11.7 per cent. and 10.1 per cent. of the total revenues generated by the five largest clients in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively. For more information about the Company's top five clients, see Table 4.54 (*The Group's Top Five Clients in Terms of Revenue for the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Period Ended 30 September 2023G*).

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 any Director has a direct or indirect interest), this may have an adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.29 Risks Related to Engagement of Directors or Senior Executives in Business 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 such businesses are similar to, or directly or indirectly compete, with the Company. The Directors and Senior Executives can access the internal information of the Group and may use that information for their own interests or in contradiction with the Group's interests and objectives. If the Directors and Senior Executives who have interests conflicting with 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 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 prevented from competing with the Group or the Group's business. However, to engage in businesses competing with the Group, the Directors must obtain approval from the General Assembly in accordance with Article 44 of the Corporate Governance Regulations and Article 71 of the Companies Law.

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

The Group relies on third party suppliers and external service providers. In particular, the Group outsources certain support services and processes to third parties including, among others, technical services supplementary to its activities, recruiting foreign manpower from employment agencies, licensing software for operating its IT systems and travel services for its employees and manpower resources (most of whom are expatriates). The Group's purchases from its top five suppliers, comprising recruitment expenses paid to recruitment agencies, amounted to SAR 39.6 million, SAR 60.9 million, 124.9 million and SAR 28.9 million, respectively, accounting for 84.6 per cent., 65.0 per cent., 85.0 per cent. and 64.0 per cent. of total Group's purchases in the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, respectively. The increase in such expenses in the financial year ended 31 December 2022G was due to an increase in the number of workers recruited in 2022G, which resulted in an increase in recruitment expenses. For further details about the Company's key suppliers, see Section 4.9.2 (*Recruitment Agencies*). 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 wait times for the supply of required manpower, or the growing of 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 the time needed to deploy resources to clients or may lead to increased costs associated with expanding and maintaining the Group's manpower and resources.

2.1.31 Risks Related to Adverse Changes in Exchange Rate

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 2020G, 2021G and 2022G, and the nine-month period ended 30 September 20232G, respectively, 21.0 per cent., 32.0 per cent., 34.0 per cent. and 24.0 per cent. of the Group's purchases of software, equipment and services were in foreign currencies (all of which were in the US Dollars). Accordingly, 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 condition, results of operations and prospects.

2.1.32 Risks Related to Collection of Receivables

Total receivables due to the Group which were 720 days past their due date amounted to SAR 13.0 million, SAR 22.2 million, SAR 27.2 million and SAR 29.3 million, for the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, respectively. Total receivables due to the Group that were 361 to 720 days past their due date amounted to SAR 12.1 million, SAR 6.5 million, SAR 4.1 million and SAR 7.7 million in the same periods, respectively. Total receivables due to the Group that were 151 to 360 days past their due date amounted to SAR 33.5 million, SAR 16.6 million, SAR 16.9 million and SAR 15.7 million in the same periods, respectively. Total receivables due to the Group that were 121 to 150 days past due amounted to SAR 2.3 million, SAR 2.8 million, SAR 3.9 million and SAR 6.5 million in the same periods, respectively. Total receivables that are less than 60 days past due amounted to SAR 56.1 million, SAR 78.5 million, SAR 76.1 million and SAR 124.0 million during the same periods, respectively. The increase in total receivables due to the Group as of 30 September 2023G by SAR 67.1 million is due to an increase in receivables from the Company's key clients which resulted in receivables amounting to SAR 30.3 million. This also led to an increase in the average days of receivables from 0 days to 60 days in the nine-month period ended 30 September 2023G, compared to the financial year ended 31 December 2023G. Provisions for doubtful debts made against the total receivables due amounted to SAR 32 million, SAR 34.5 million, SAR 33.5 million and SAR 36.2 million, respectively, for the same periods. All debtors are from the private sector. For further details, see Table 6.32 (*The Movement of the Allowance for Expected Credit Losses as of 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G*) and Table 6.33 (*Aging of outstanding Account Receivables as of 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G*). 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 of 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 downturn 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 condition, results of operations and prospects.

2.1.33 Risks Relating to the Bank Guarantee to the MHRSD

Under the Recruitment Rules, the Company is required to provide the MHRSD with an irrevocable bank guarantee for an amount of SAR 10.0 million from one of the local banks in the Kingdom in a form required by the MHRSD. The MHRSD may, at its sole discretion, request an increase to the amount of the bank guarantee at any time. The Company has obtained a letter of guarantee from Arab National Bank dated 19 Thul-Qi'dah 1442H (corresponding to 29 June 2020G) which is due to expire on 11 Thul-Qi'dah 1455H (corresponding to 31 January 2034G) (for more information about the bank guarantee issued by the Arab National Bank, see Section 12.6 (*Bank Guarantee*)). A breach of the terms of the bank guarantee 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 prospects.

In addition, if the Company violates any provisions of the Recruitment Rules (which includes provisions related to licensing conditions for recruitment activities and provision of labour services, provisions related to the internal policies and regulations of licensed companies, procedures and obligations for providing labour services and provisions related to clients' rights), the MHRSD may drawdown under the bank guarantee to fulfil any outstanding obligations resulting from such violation. In such case, the Company is obliged to top-up the bank guarantee within a period not exceeding 30 days to cover any drawdowns. If the Company fails to top-up the bank guarantee, it may be subject to suspension of services by the MHRSD, which would have an adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.34 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, its day-to-day operations, research and development operations, marketing, sales, services and general and administrative functions. This includes the General Manager for the Corporate Segment and the General Manager for the Individual Segment, as well as mission-critical individual contributors. The operating complexity of the Group's business and the responsibility of its Executive Management is expected to continue to increase in the future. Further, there is significant competition to attract appropriately qualified personnel with the relevant expertise in the Kingdom, in light of recruitment competition from the Governmental and semi-Governmental sectors. 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, and a failure or delay in achieving some or all of its business strategies; this may require the diversion of management resources. In addition, as it expands its scope of operations, its future success 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 management's attention in seeking 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. The loss of ability to hire and retain key executives and employees with high levels of skills in the relevant domains through developing recruitment and retention programmes will have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, demand for executives and management personnel is traditionally high and could exceed supply, specifically skilled executives with experience in managing public joint stock companies; this is particularly so in the manpower industry. Accordingly, 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, except in the long term. Moreover, demand for supply of 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. Many of the companies which compete with the Group to attract experienced personnel benefit from greater resources compared to 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 may cause an outflux of workers from the Kingdom to work in other countries, increasing the challenges faced by the Group in retaining necessary non-Saudi employees and disrupting the operations of the Group. The Group also pays the requisite Government fees for the work and residency permits required by non-Saudi employees and, in some cases, their dependents. Should such fees increase in the future, the Group may 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, thereby adversely affecting its business, financial condition, results of operations and prospects.

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

2.1.35 Risks Related to Employee Misconduct and Errors

Employee misconduct or error could lead to the Group being in violation of applicable laws and regulations, which would result in regulatory sanctions being imposed on the Group by the competent regulatory authorities. Such sanctions would vary depending on the misconduct or error and may result in significant financial liability to the Group and/or cause serious damage to its reputation. Such misconduct or error may be non-compliant with applicable laws or internal controls and procedures, including:

- culturally insensitive behaviour that does not take into account local customs;
- misuse of bank card information belonging to the Group's clients, which would lead to fines imposed on the Group by the SAMA and require the Group to indemnify whomever was affected;
- engagement in misrepresentation or fraudulent, deceptive or improper activities while marketing the Group's services to current or potential clients;

- non-compliance with applicable laws or internal controls and procedures, including failure to document transactions properly in accordance with the Group's standardised documentation and processes (or a 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; or
- claims by the Group's clients relating to the misuse of the clients' proprietary information, misappropriation of funds or other criminal activity carried out by the Group's contracted manpower resources.

The Group may also face claims and litigation for the harm or other adverse effects caused by such misconduct or errors (see also Section 2.1.38 (*Risks Related to Litigation*)). If employees commit any such misconduct or errors, it would have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.36 Risks Related to Employing and Sponsoring Non-Saudi Employees

MHRSD has officially announced the launch of the "**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 and raise its attractiveness in line with international best practices and govern the employment relationship between employers and employees based on a documented employment contract through the contract documentation programme. The job mobility service also allows the expatriate workers to switch to another job upon the expiry of his/her employment contract without the employer's consent. Furthermore, the initiative also allows for mobility during the term of the contract, provided that the applicable notice period and controls are adhered to. The exit and return service allows the expatriate workers to travel outside the Kingdom upon submitting an application, notifying the employer electronically. The final exit service enables the expatriate workers to leave the Kingdom 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 provided the worker bears all the consequences of the termination of the contract. All 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; the Company will not be able to prevent them from switching except to the extent permitted under their employment contracts. The Company may also face difficulties in finding new employees to replace them. Should the Company lose a large number of its employees due to such employees switching to other companies and were unable to hire new employees to replace them, this would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.37 Risks Related to Failure to Secure Adequate Insurance Coverage

The Group maintains different insurance policies to cover the risks of 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, no assurance can be given that any of the Group's existing insurance policies will be sufficient to cover losses arising from certain events or 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 by the insurance. In these cases, it 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, or in case of a lack of, or the 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 prospects.

The occurrence of an uninsured or uninsurable loss could result in the loss of all or part of the capital invested in, or unrecoverable costs incurred to rectify the loss, or pay compensation and loss of anticipated future revenues relating 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 prospects (for further details on insurance policies, see Section 12.7 (*Insurance Policies*)).

The MHRSD also launched the insurance service for new domestic worker contracts for the first time. As of 1 February 2024G, the insurance service will be mandatory for domestic manpower resources' recruitment contracts (mediation service) for the first two years from the beginning of the contract, as it will become part of the procedures for the employer's contract with the recruitment agencies or other companies, provided that after two years, the insurance will be optional for the employer. Although this decision currently applies to mediation contracts only, and the cost of insurance is borne by the client and not the Company, if in the future this insurance requirement applies to all domestic labour services in companies operating in the human resources sector, this will lead to the Company bearing additional burdens and costs, which will affect the Group's profitability.

2.1.38 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 or owners of properties leased to the Company for its operations. As of the date of this Prospectus, the Company has more than 35,000 foreign manpower resources for its supply of manpower services, which makes it more prone to labour claims and disputes, although the Group may also be the claimant in similar lawsuits or litigations. Any unfavourable outcome in such litigation and regulatory proceedings would have an adverse effect on the Group's business, financial condition, results of operations and 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 devoting substantial resources to defend against such claims, which would have an adverse effect on the Group's business, financial condition, results of operations and prospects.

As of the date of this Prospectus, there are approximately 314 ongoing disputes within the normal course of business between the Company (as plaintiff) and a number of parties, with an estimated total value of SAR 16.0 million. The majority of the cases relate to miscellaneous collection claims which occur in the normal course of business, while there are approximately 7 material lawsuits filed by the Company against its former clients, with a total claims value of SAR 3.6 million; an amount of SAR 2.1 million was provisioned for these cases. In addition, there are a number of labour lawsuits against the Company with an estimated total value of SAR 2.0 million. The Company did not set aside provisions for potential losses on labour lawsuits during the financial years ended 31 December 2022G and the nine-month period ended 30 September 2023G. If the Company loses any of these labour cases, it will have to pay the amount of the claim in the same year in which the ruling is issued. If the Company is required to pay any of these amounts, this would have an adverse effect on its business, financial condition, results of operations and prospects (for further information on the Group's litigation, see Section 12.11 (*Litigation*)).

2.1.39 Risks Related to Protection of Intellectual Property Rights

As of the date of this Prospectus, the Group has registered all trademarks that it depends on to conduct its business except for the "**Jahez**" trademark, which is currently being registered by the Company. The trademarks "**WAFI Self-Service Application,**" "**Raha Application,**" "**Human Resources Solutions System,**" "**Two Customer Management Systems,**" "**Customer Portal**" and "**Airline Tickets**" have been registered with the Saudi Authority for Intellectual Property. However, it is difficult to control 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 any 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 prospects.

In addition, the Group may from time to time 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 assert that the Group has infringed or otherwise violated their intellectual property rights, which could lead to litigation against the Group. Outcomes of litigation to confirm the Group's rights with respect to its intellectual properties are uncertain and could result in substantial costs and 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 prospects.

2.1.40 Risks Related to Potential Zakat Liability and Tax Liabilities

The Group submitted all its Zakat returns, settled Zakat charges payable and obtained certificates from ZATCA for all years up to 31 December 2022G, and it received the final Zakat assessments up until the financial year 2018G. Accordingly, if the final Zakat or tax outcome is different from the amounts recorded by the Company for the years in which the Company did not receive final Zakat assessments from ZATCA - such recorded amounts being SAR 11.8 million, 9.1 million, SAR 9.6 million and SAR 8.4 million for the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively - such differences will impact the Zakat and tax provision which will have an adverse effect on the Group's projected net income and retained earnings. The Group has not set aside provisions for potential Zakat liability to cover any such potential Zakat liability in the future.

In addition, the Company leased five residential buildings to its Subsidiary, SLSC, which were subject to a 15 per cent. VAT, and the Company recovered SAR 4.6 million in input tax on construction expenses. Residential building lease agreements are exempt from VAT, according to the second paragraph of Article 51 of the implementing regulations of the VAT Law, which provides that input tax on services that are exclusively and directly related to tax-exempt supply should not be recovered. As the lease contains a number of uses, such as logistics and personal uses, ZATCA may object to this tax treatment. This would result in the recovery of input tax on construction and related costs, given that the buildings - apart from their use as short-term accommodation facilities for the Subsidiary's workers - are primarily residential units. Therefore, in accordance with the relevant VAT Law ZATCA may classify the lease as residential and may refuse to allow for recovery of the VAT for the relevant construction and leasing costs. ZATCA may also impose penalties on the Company, such as applying a 50 per cent. fine on inaccurately submitted VAT returns and/or a 5 per cent. fine on late VAT payments.

Furthermore, during financial years 2020G and 2021G, the Company incurred costs related to food and catering that were sourced from an independent supplier and these costs included VAT charges. Starting in financial year 2022G, the Company replaced this supplier with its Subsidiary, SLSC, to provide housing and catering facilities (with pricing per person inclusive of VAT). The Company claimed full input tax on these costs because 80 per cent. of them were linked to short-term worker accommodation (2 to 7 days), with the remaining 20 per cent. tied to workers residing in these facilities permanently (such as cleaners). Although short-term residence must have a fair recovery basis, ZATCA may object to recovery of input tax on permanent residence and related services, as special expenses. Note that the cost of housing for permanently resident workers from January 2020G until September 2023G amounted to SAR 0.04 million and food and catering expenses from January 2020G to September 2023G amounted to SAR 20.3 million.

ZATCA may object to the Company's recovery of VAT on inputs for long-term residence (amounting to SAR 6.5 million) and on related services such as food and catering (amounting to SAR 2.7 million). In addition, if the ZATCA considers a Company's VAT returns to be incorrect, the Company may be subject to certain fines such as a 50 per cent. fine on the net VAT due for each incorrect return and a 5 per cent. monthly fee for late VAT payments. The Company also did not take into account the lower opening and closing balance of deferred revenues and did not evaluate whether there were any credit balances (excluding rental obligations) that remained in activity for a full Hijri year, which must be added to the Zakat base for the financial years from 2020G to 2022G. Accordingly, this may result in additional Zakat amounts that the Company may have to pay. The Company may also incur additional expenses in the form of withholding tax amounts for certain payments made by the Company to suppliers outside the Kingdom, such as technical and consulting fees, remote employee expenses, electronic marketing costs and cloud services and software licensing fees, which may be considered to be subject to withholding tax. If these payments are considered to be subject to withholding tax, the Company may incur additional expenses ranging between SAR 0.3 million and SAR 1.6 million, in addition to any fines that the ZATCA may impose on the Company, which are equivalent to 1 per cent. of the amount required for each month's delay.

The Selling Shareholders gave an undertaking dated 20 Jumada al-Ula 1445H (corresponding to 4 December 2023G) 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 prospects.

2.1.41 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 is using 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, 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 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, 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 complexities. 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. 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 or prospects.

2.1.42 Risks Related to Significant Working Capital Needs and Liquidity

The Group requires significant amounts of working capital to operate its business. The Group derives working capital for its operations primarily through cash generated by its operating activities. The working capital of the Group amounted to SAR 397.8 million, SAR 419.7 million, SAR 460.6 million and SAR 546.3 million as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G, with liquidity ratio of 2.1 times, 2.2 times, 2.4 times and 2.7 times 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, or failure to monitor liquidity ratios or failure to maintain plans for financing obligations, 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 relating 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 or liquidity, 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 position, results of operations or prospects.

2.1.43 Risks in Connection with Financial Liabilities

The Company has liabilities in connection with employees' entitlements including benefits, leave and travel tickets allowances, that are borne by the Company within its cost of revenues, administrative and marketing expenses, in accordance with the terms of the contract entered into with the employees. It is paid to employees on the due date or at the end of the contractual relationship. As for the employees' obligations, these costs are charged to the customer's invoice on a monthly basis and over the duration of the customer's contract. Such balances amounted to SAR 150.8, SAR 165.0 million, SAR 159.6 million and SAR 167.9 as of 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, respectively. If clients of the Company fail to reimburse it for such amounts as required under their contract with the Company, it would have a material adverse effect on Company's business, financial position, results of operations and prospects. The Company may also be exposed to other risks as a result of the bank guarantee submitted to the MHRSD (for more information about the risks related to the bank guarantee submitted to the MHRSD, see Section 2.1.33 (*Risks Relating to the Bank Guarantee to the MHRSD*)).

2.1.44 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 authorities in the Kingdom to practice its commercial activities. This includes each of its branches located in the Kingdom obtaining licences, certificates, permits and approvals from the MHRSD with regard to the activity of providing manpower, and from the competent municipalities and civil defence with regard to its branches. The process for obtaining these licences, certificates, permits and approvals is often time-consuming, and most are subject to conditions that require them to be terminated or suspended if the licensee does not comply with certain requirements. As of the date of this Prospectus, the Company has two expired civil defence licences and two expired municipality licences as well as one civil defence licences and three municipality licences which are yet to be obtained. The Subsidiary, Saneem, has one regulatory licence that has not yet been obtained, which is a VAT registration certificate. The Subsidiary, Terhab also has a civil defence licence which has not yet been obtained. SLSC also has a civil defence licence which has not yet been obtained.

In addition, the Subsidiaries subject to liquidation (Romoz and Business Solutions Centre Private Limited Company) have a number of certificates and permits that have expired or have not yet been obtained, as Romoz has two expired regulatory certificates, and Business Solutions Centre Private Limited Company (incorporated in India) has not obtained any operational licences. The Company does not intend to renew the licences of the companies subject to liquidation (for further details see Section 12.4 (*Government Consents, Licences and Certificates*)).

In addition, the competent authority may not agree to renew or amend the scope of a licence, certificate or permit and may impose conditions that will negatively impact the Group's performance if it agrees to renew or amend the scope of a licence, certificate or permit. The Group's inability to maintain or obtain the relevant licences, permits and approvals may result in the suspension of its business, which will adversely affect the Group's business, financial condition, results of operations and prospects.

2.1.45 Risks Related to Credit

Credit risks arise when one party is unable to fulfil a certain financial obligation to the other party. The Company may face credit risks in several temporary or permanent situations, including, for example, the presence of unpaid customer debt balances, or the failure of other debtor parties to fulfil their obligations to the Company or to its Subsidiaries. As of 31 December 2020G, 2021G 2022G and 30 September 2023G, the values of trade receivables amounted to SAR 276.2 million, SAR 264.5 million, SAR 262.1 million and SAR 329.2 million, respectively, which represent 24.6 per cent., 26.7 per cent., 26.5 per cent. and 30.0 per cent., respectively, of total assets for the same periods. Expected credit losses represent 11.6 per cent., 13.0 per cent., 12.8 per cent. and 11.0 per cent. of total receivables for the same periods. For more details, see Table 6.32 (*The Movement of the Allowance for Expected Credit Losses as of 31 December 2020G, 2021G 2022G, and 30 September 2023G*) and Table 6.33 (*Aging of Outstanding Trade Receivables as of 31 December 2020G, 2021G 2022G, and 30 September 2023G*). Although the Group has a policy to limit its credit exposure, the credit risks of new customers are assessed before conclusion of the relevant contracts. This is done by analysing the financial capacity of each new customer individually for the purpose of ensuring his/her creditworthiness before presenting the Group's standard payment and delivery terms and conditions. This includes the Group reviewing external assessments of new customers where available and in some cases conducting a bank audit. A maximum purchase limit is set for each customer. The Group determines credit risk concentrations by monitoring the credit ratings of existing customers on a quarterly basis through a monthly review of the aging analysis of trade receivables. When monitoring customers' credit risk, customers are grouped according to their credit rating, customers classified as "high risk" are placed on a restricted customer list and future credit sales with these customers are only made with advance payment. However, any failure to implement these policies or if the customer fails to fulfil his/her contractual obligations may result in the Group being exposed to financial losses, which will negatively affect the Group's business, financial condition, results of its operations and prospects.

2.1.46 Risks Related to Newly Implemented Corporate Governance Rules

The Company was incorporated as a joint stock company as of 22 Rabi' al-Awwal 1433H (corresponding to 14 February 2012G), while the Board of Directors has approved the Company's Internal Corporate Governance Manual on 17 Ramadan 1442H (corresponding to 29 Rabi' al-Thani 2021G) and it was updated on 16 Rabi' al-Thani 1445H (corresponding to 31 October 2023G). Such manual includes, without limitation, rules and procedures related to corporate governance derived from the Corporate Governance Regulations issued by CMA. The Company's success in proper implementation of 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 proper training of the Board and its Committees' members on corporate governance rules and procedures, independence requirements, rules related to conflict of interests and Related Party transactions. Failure to comply with the corporate governance rules, particularly the mandatory provisions of the Corporate Governance Regulations issued by 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 prospects.

2.1.47 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 1 Thul-Qi'dah 1441H (corresponding to 22 June 2020G) and adopted its charter by a resolution of the General Assembly on 27 Ramadan 1442H (corresponding to 9 May 2021G) and the Nomination and Remuneration Committee was formed by a resolution of the Board on 26 Rabi' al-Awwal 1445H (corresponding to 11 October 2023G) and adopted its charter by a resolution of the General Assembly on 14 Jumada al-Ula 1445H (corresponding to 28 November 2021G). The Company also formed an Executive Committee by a resolution of the Board on 10 Thul-Qi'dah 1444H (corresponding to 30 May 2023G) and adopted its charter by resolutions of the Board of Directors on 10 Thul-Qi'dah 1444H (corresponding to 30 May 2023G), (for further details, see Section 5.3 (*Committees*)). Any failure by members of these Committees to perform their duties and adopt a work approach that ensures 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 CMA and the Board of Directors' ability to monitor the Company's business through these Committees, which would have a material adverse effect on Company's business, financial position, results of operations and prospects.

2.1.48 Risks Related to 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 22 Rabi' al-Awwal 1432H (corresponding 14 February 2012G). Accordingly, 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, 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 quarter, according to the laws and regulations applicable to companies listed on the Exchange. The Company's consolidated Financial Statements for the three financial years ended 31 December 2020G, 2021G and 2022G 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 it will result in decreased investors' confidence, which would have a material adverse effect on the Company's business, financial position, results of operations and 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 prospects. Declines in consumer confidence and consumer spending, changes in unemployment, significant inflationary or deflationary changes or disruptive regulatory or geopolitical events, 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 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 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 Corporate 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 reductions to their spending on human capital, recruitment or labour, even if the country's economy experiences positive growth. Any such cuts in spending will limit demand for manpower, as well as discretionary spending on 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 may cause some clients to reduce or defer projects for which they utilise the Group's services, thereby negatively affecting demand for them. Accordingly, 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 also sensitive to a reduction in 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, then 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 prospects.

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

2.2.2 Risks Related to the Adverse Changes in Interest Rates

As a result of the current inflationary economic environment, central banks in some countries have resorted to increasing interest rates and this may continue in the coming periods. Interest rates are also affected by many factors, including factors related to Government, monetary and tax policies, international and local economic conditions and other factors beyond the Company's control. If interest rates rise further in the future, this will lead to a decline in the Company's profitability and cash flows, which would negatively impact the Group's business, financial position, results of operations and prospects.

2.2.3 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 geographies 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 prospects.

2.2.4 Risks Relating to the Manpower Industry Being Historically Competitive, Cyclical and Subject to Intense Price Competition

The Group competes with other human resource services providers and recruitment companies 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 good 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 accordingly, the Group's revenues could materially decline over time. In addition, 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 also 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 payments. Furthermore, due to the increasing number of low-cost human resources alternatives, the Group may face increased competition if it increases its fees. Accordingly, this competition will limit the Group's ability to retain existing clients and its ability to attract new clients, which in each case would have an adverse effect on its business, financial condition, results of operations and prospects.

Competition for supply of manpower services is predominantly on a global scale, as recruitment of manpower and labour are generally processes which involve employing expatriates for work to be performed in the Kingdom. Costs connected with relocating manpower for such purposes are sometimes substantial and are generally borne by the Group, prior to charging 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 will 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, the revenue and profitability of the Group may suffer.

The manpower industry has also historically been cyclical, with periods of high demand, limited supply and high margins and 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 programmes, 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 revenues, or even nil revenues (for periods of non-activity) for longer periods of time. Such periods may persist for extended periods of time. For example, 8.9 per cent. of the Group's manpower resources were not utilised as of 30 September 2023G, compared to 11.8 per cent., 8.0 per cent. and 12.2 per cent., respectively, as of 31 December 2020G, 2021G and 2022G. 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 higher marginal cost of production and the concentration of larger-scale operators capable of exploiting potential collaborations and synergies) and among 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 the Group's business, financial position, results of operations and prospects.

2.2.5 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 relating to labour (including Saudisation), 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 expense, 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 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 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 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 sourcing of foreign manpower resources to third parties as intermediary and sourcing of manpower resources to individuals and/or public and private entities (. The Company currently holds a licence from the MHRSD which is valid for ten years which expires on 30 Jumada al-Ula 1453H (corresponding to 18 September 2031G) (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 prospects.

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

Additionally, new laws and regulations may limit the size and growth of the manpower services market, as they may introduce 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 costs or taxes (such as value added tax) for the providers of manpower services.

Furthermore, while there is no minimum wage requirement for manpower resources at present in the Kingdom, a large portion of the Group's manpower resources are unskilled or semi-skilled manpower resources. If any future minimum wage requirements are prescribed by Governmental authorities, it is unclear 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, lack of understanding by the Group of existing laws and regulations or the change in their interpretation or application by the relevant authorities may 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 closure of its facilities and 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, it may face increased costs, which it may not be able to directly charge back to its clients, or suffer harm to its reputation, it could 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. Accordingly, this would have a material adverse effect on the Group's business, financial position, results of operations and 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 rapidly evolve and accordingly, 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 condition, results of operations and prospects.

2.2.6 Risks Relating to Changes in Government Policies

The Group's business is dependent on Saudisation and other general policies adopted by the Government. If the Government changes its Saudisation 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 Saudisation requirements in the industry. Additionally, changes in other Government policies may result in 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 demand for private drivers from the Group's clients declining. Any change in the Government policies, including change in Saudisation policies, may result in decline for some of the Group's manpower services and subsequently on its revenues, which would have an adverse effect on the Company's business, financial condition, results of operations and prospects.

2.2.7 Risks Related to Zakat and Income Tax Calculation Mechanism Change

The 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 issuance of this Circular, companies listed on the Exchange were generally subject to 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, the 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 the ZATCA issues guidelines regarding the mechanics and the procedures for implementing the circular, the implementation of such circular in practice, including final requirements to be met, remains under consideration, in particular 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, this will adversely affect its business, the results of operations, financial position and prospects.

2.2.8 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 would be made by the Executive Management or the Group's employees. This may increase the operating costs and expenses that will be borne by the Group, expose the Group to fines or penalties, or lead to damage to its reputation.

Furthermore, if the Group is unable to increase its prices to match any future increase in VAT, the Group's profit margins will be adversely affected. If the Group increases prices as a result of the increase in value-added tax, demand for its services may decline. The Group is also subject to VAT in other countries in which it operates and therefore has similar VAT risks. The occurrence of any of the abovementioned risks will have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.2.9 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 229.6 million, SAR 219.2 million, SAR 161.9 million and SAR 141.7 million, for the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, 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 in case it is unable to replace them by properly qualified Saudi employees, the Group may be forced to incur additional Government fees related to 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, cash flows, results of operations and prospects. See also Section 5.9 (*Employees*) for a discussion of the achieved Saudisation by the Group.

2.2.10 Risks Related to Non-Compliance with the Saudisation Requirements

Compliance with Saudisation requirements is a Saudi regulatory requirement, under which all companies in the Kingdom. The percentage of Saudi workers varies on the basis of each Company's activities. Moreover, 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 the non-productive Saudisation. While such amendment was to come into effect on 12 Rabi al-Awwal 1438H (corresponding to 11 December 2016G), MHRSD postponed the programme until further notice in response to private sector demands for additional time to achieve the Saudisation rate. As of the date of this Prospectus, no new implementation date has been set. Under the "Nitaqat Mawzon" programme, points would be calculated based on five factors: (i) the Saudisation rate; (ii) the average wage for Saudi workers; (iii) the percentage of female Saudisation; (iv) job sustainability for Saudi nationals; and (v) the 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 "Saudisation" over a 26-week period. The Company has not fully implemented the necessary measures to improve its Saudisation 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 declaration of the "Nitaqat Mawzon" programme, which would negatively affect the Company's ability to comply with Saudisation requirements. This would have an adverse effect on the Company's financial position, result of operations and prospects. The Company was compliant with the Saudisation requirements as of 30 September 2023G in the "Nitaqat" programme within the Platinum category (with Saudisation percentage of 67 per cent.).

In case of non-compliance with the applicable Saudisation requirements, the Group would be subject to penalties by Governmental entities, such as 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 recruit or maintain the required percentage of Saudisation. 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 in running the operations of the Company, including, without limitation, General Manager of the Corporate Segment, Marketing Manager and Electronic Software Applications Specialist. Any changes in local regulations which adversely impact expatriates may cause 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 118.9 million, SAR 73.5 million, SAR 76.5 million and SAR 64.0 million for the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, respectively, representing approximately 8.0 per cent., 5.0 per cent., 4.0 per cent. and 5.0 per cent. of operating costs for the same periods. There may be a significant increase in costs of salaries if the Group hired 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 prospects (for further details, see Section 5.9 (*Employees*)).

2.2.11 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 relating 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. Accordingly, 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 prospects. Moreover, on 1 Thul-Hijjah 1443H (corresponding to 30 June 2022G), the Companies Law was amended pursuant to Royal Decree No. M/132 and has entered into force on 26 Jumada al-Akhirah 1444H (corresponding to 19 January 2023G) containing further new requirements, which may have a material impact on the Group 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 distribution of dividends. The Company has not yet assessed the impact of the newly drafted 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, this will have a material adverse effect on its business, financial position, results of operations and prospects.

2.2.12 Risks Related to the New Civil Transactions Law and its Implementation

The new Civil Transactions Law was issued pursuant to Royal Decree No. M/191 dated 29 Thul-Qi'dah 1444H (corresponding to 19 June 2023G) and will enter into force on 3 Jumada al-Akhirah 1445H (corresponding to 16 December 2023G). The Civil Transactions Law represents a pivotal development in the Kingdom's legal system, as it represents one of the largest reforms in modern history. This new legislation creates a comprehensive codification of the rules applicable to the Group's operations and activities, as it includes new provisions relating to contractual damages, compensation for contractual breaches (which include loss of profits and compensation for moral damages), damages arising from tortious acts, limitation periods for specific claims, etc. Moreover, the Civil Transactions Law is intended to be applied retroactively, except in cases where one of the parties concerned invokes a provision or legal principle that contradicts its provisions and where its provisions relate to the special limitation period prior to the entry into force of the law. As of the date of this Prospectus, the Company has not conducted any assessment regarding the impact of the newly drafted Civil Transactions Law and the scope of its retroactive application on its operations. If the impact is material, or if the Company incurs additional costs to carry out the necessary measures to ensure compliance, this may have a material adverse effect on the Group's business, financial position, results of operations and 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, the current Shareholders 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 its 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 prospects.

2.3.2 Risks Related to 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 will adversely and substantially affect expected returns for Subscribers.

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

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 the Lock-up Period following the Offering, during which each Substantial Shareholder 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 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 Fluctuation 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;
- 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;
- 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.

The stock markets witness from time-to-time extreme price and volume fluctuations. Periodic and constant market fluctuations could result in 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 will have an adverse effect on the Subscribers' investments in the Company's Shares.

2.3.6 Risks Related to Distribution of Dividends

Future distribution of dividends will depend on, inter alia, future earnings, financial position, cash flows, working capital requirements, capital expenditures and distributable reserves of the Company. 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. Dividend distribution may also be subject to restrictions related to dividends stipulated in any credit facilities or financing agreements that the Group may enter into in the future. The Company may incur expenses or liabilities that would reduce or eliminate the cash available for the dividend distribution. If the Company does not pay dividends on the Shares, the Shareholders may not receive any return on 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*).


سماسكو
SMASCO

3. MARKET OVERVIEW

3.1 Introduction

Unless otherwise specifically stated, the information in this Section 3 (*Market Overview*) is derived from the Market Report dated 16 Rabi al-Thani 1445H (corresponding to 31 October 2023G) prepared by Arthur D. Little Saudi Arabia exclusively for the Company. The Market Consultant is an independent third party provider of consulting services related to strategic market research.

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

Neither the Market Consultant, nor 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 Consultant has given, and not withdrawn, its written consent to the use of its name, logo, statement 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 this Section 3 (*Market Overview*) by the Market 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 Consultant is only providing market research; the information provided by it from public data sources is not to be construed as investment, legal or any other type of advice about the Company.

3.2 Global Market Overview

Human Resource ecosystem can be defined along four business verticals: Staffing (manpower services), Process Outsourcing, HR Advisory and HR Technology Solutions. Globally, the staffing market constitutes the largest vertical and is valued at USD 648 billion in 2022G (pursuant to Statista, Staffing industry worldwide - statistics & facts, 2023G). HR Advisory constitutes the second largest and is valued at USD 151 billion in 2022G, followed by HR Technology Solutions valued at USD 63 billion in 2022G and Process Outsourcing valued at USD 37 billion in 2022G. HR Technology Solutions is the fastest growing vertical, with revenues expected to increase at a compound annual growth rate ("**CAGR**") of 10 per cent. between 2022G and 2026G.

Between 2009G and 2019G, the global staffing industry experienced steady growth, with revenues increasing at a CAGR of around 6 per cent. In 2020G, COVID-19 pandemic negatively impacted the industry, resulting in an estimated 11 per cent. (pursuant to Statista, Staffing industry worldwide - statistics & facts, 2023G) decline in revenue. The staffing industry has since recovered with revenues exceeding pre-pandemic levels by 2021G.

The global staffing industry is fragmented, with the top 10 firms accounting for around 21 per cent. of the total market share, in terms of revenues, in 2021G. The United States is the largest global market, with 43 out of the top 100 firms in the industry currently headquartered in the country. In 2021G, top companies globally in this sector included Randstad, Adecco Group and Manpower Group. These companies are estimated to collectively hold approximately 12 per cent. of the market share in revenues (pursuant to SIA, Largest staffing firms globally report 2022G).

The global staffing industry comprises of two main segments: permanent (direct) staffing, which is estimated to constitute around 8 per cent. of the total market size in terms of spending, and temporary staffing which is estimated to constitute around 92 per cent. Permanent staffing focuses on sourcing candidates for permanent positions where workers are hired on a client's payroll. Temporary staffing offers a flexible approach where workers are outsourced to the client on the third party staffing firm's payroll for a special duration, driven by the need for flexibility and cost optimisation.

Global market growth for temporary staffing is further driven by smart cities initiatives and projects undertaken by Governments worldwide, which necessitate the engagement of specialised and skilled talent on a project or contract basis. In the European market, small and medium enterprises ("**SMEs**") represent a burgeoning segment within the temporary staffing market, as they seek cost-effective solutions to fulfil their staffing requirements. The Asian Pacific region is expected to grow steadily, fuelled by demand for temporary healthcare worker.

The temporary staffing market majorly comprises of five labour categories: Unskilled, Clerical, Management, Skilled and Professional. In 2021G, the clerical segment constituted the largest segment, driven by short-term hiring preferences across various industries. The management labour segment is expected to grow the fastest as organisations increasingly utilise temporary workers for efficiency and productivity.

To stay competitive, leading staffing firms are increasingly adopting advanced technologies and forming strategic alliances, in order to create unique advantages in the evolving market landscape. An increase in merger and acquisitions activity has also been observed in the space with a total of 324 transactions and 83 per cent. (pursuant to Statista, Number of M&A deals in staffing industry worldwide 2007G to 2022G, 2023G) growth in number of transactions in 2022G. Companies with relationship-oriented sales models in the Information Technology (IT) staffing sector are currently leading this shift in focus globally.

Several prominent trends are shaping the global staffing industry. These trends present opportunities for staffing companies to create competitive advantages:

- **Usage of Data, Technology and AI:** staffing companies can gain a comprehensive understanding of potential candidates and perform better sourcing and matching through integration of data analytics and AI into their staffing process, which improves accuracy and reduce time to fill;
- **Diversification and Merger and Acquisitions:** staffing companies can expand their service offerings through diversification and merger and acquisitions activity for consolidation, in response to the growing demand for specific categories of talent, allowing to create a competitive advantage in the rapidly evolving market. In 2022G, the staffing industry has witnessed the highest number of merger and acquisitions transactions since 2007G;
- **Social Recruitment:** staffing companies can build a strong digital presence and brand visibility through social media platforms to reach a wider pool of qualified candidates, to reduce hiring costs, hiring errors and time-to-hire. This approach allows them to effectively advertise job opportunities and engage with potential candidates;
- **Flexible Employment:** staffing companies can focus on providing flexible employment solutions, positioning talent across diverse sectors on a project-by-project basis to cater to the needs of both employees and employers;
- **Diversity and Inclusion:** staffing companies can place emphasis on sourcing and placing diverse talents in an efficient and cost-effective manner to enable businesses to create a well-diversified and inclusive workplace; and
- **Referral Programmes:** staffing companies can leverage the networks of their own employees and customers to streamline the recruitment process and enhance employee engagement and retention, while fostering a sense of community and loyalty among their workforce.

3.3 The Kingdom's Macroeconomic Analysis and Demand Drivers

Companies is the Kingdom turn to manpower services providers in order to fulfil the need for flexibility in employment structures, reducing hiring costs and outsourcing of complex administrative processes. Particularly, companies in the Kingdom look for:

- **Agility and flexibility:** manpower companies provide temporary and flexible employment models to adapt to fluctuating and seasonality in manpower demand;
- **Volume recruiting:** manpower companies provide labour-intensive industries with bulk recruiting and access to larger pools of candidates;
- **Cost management:** manpower companies help reduce labour costs associated with recruiting, benefits, training and long-term employment commitments;
- **Regulatory compliance:** manpower companies help address legal requirements in compliance with labour laws and immigration rules, and shift liability to third party; and
- **Focus on core competencies:** clients outsource operational HR functions to focus on core competencies and value-add functions such as talent development.

The primary demand driver for manpower services is demand for labour, which is directly driven by economic and industrial growth along with economic diversification and corresponding overall job creation. Economic activities that are seasonal in nature also drive demand for manpower services as temporary staffing constitutes the core offering among Saudi manpower companies. Demographics and labour market dynamics, especially availability of local manpower also constitutes another key demand driver. As the labour force participation increases, increasing efforts are required to place candidates into jobs. High female participation in the labour force increases demand for domestic support, something that is addressed by manpower companies. Demand for manpower services is also enabled by the overall labour market regulatory landscape and high technology use among clients and manpower services providers.

3.3.1 Economic and Industrial Growth Drivers for Manpower Services

The Saudi economy has recovered from the impact of COVID 19, growing at 18.3 per cent. in 2021G and 27.6 per cent. in 2022G. The growth was driven by both increase in crude oil price and economic recovery in non-oil sectors mainly in manufacturing, agriculture, construction, transport and finance.

According to consensus forecasts, nominal GDP is expected to grow at a rate of 2 per cent. CAGR between 2022G and 2025G, driven by ongoing diversification efforts, and the implementation of Vision 2030 initiatives, and is projected to reach 4.47 trillion SAR by 2025G. The following table shows nominal GDP of the Kingdom from 2018G to 2022G and 2025G:

Table 3.1: Nominal GDP of the Kingdom from 2018G to 2022G and 2025G (Trillion SAR)

	2018G	2019G	2020G	2021G	2022G	2025G Forecast
Nominal GDP (trillion SAR)	3.17	3.14	2.75	3.26	4.16	4.47
Year-on-Year growth	7.4%	(1.0)%	(12.4)%	18.3%	27.6%	2% CAGR (2022G -2025G)

Source: General Authority of Statistics (GASTAT), Gross Domestic Product, Q4 2022G.

The following table shows Year-on-Year GDP growth by economic activity from 2018G to 2022G:

Table 3.2: Year-on-Year GDP Growth by Economic Activity from 2018G to 2022G (%)

Economic activity	2018G	2019G	2020G	2021G	2022G
Agriculture, Forestry & Fishing	2.5%	2.2%	1.3%	7.8%	13.8%
Mining & Quarrying	48.3%	(12.0)%	(37.4)%	49.8%	71.4%
Manufacturing	8.1%	(1.6)%	(11.4)%	26.7%	38.3%
Electricity, Gas and Water	5.1%	2.3%	(4.9)%	0.5%	3.1%
Construction	(3.3)%	7.1%	3.5%	6.0%	9.9%
Wholesale & Retail Trade, Restaurants & hotels	0.6%	7.8%	(9.3)%	12.7%	8.7%
Transport, Storage & Communication	3.0%	6.2%	(7.3)%	5.4%	14.1%
Finance, Insurance, Real Estate & Business Services	5.4%	3.3%	1.2%	2.6%	7.5%
Community, Social & Personal Services	12.1%	4.7%	(12.4)%	(7.6)%	26.1%
Government Services	0.7%	4.4%	(1.2)%	0.1%	2.4%
Overall GDP	7.4%	(1.0)%	(12.4)%	18.3%	27.6%

Source: General Authority of Statistics (GASTAT), Gross Domestic Product, Q4 2022G.

The Government's commitment to economic diversification driven by Vision 2030 and its Vision Realisation Programmes ("**VRPs**" or "**VRP**") is expected to contribute to sustainable economic growth and aim to create 2 million jobs by 2030G across industries.

Mega and Giga projects (Red Sea Development, Riyadh Metro, Mall of Saudi, King Abudallah District, Jeddah Tower and others), and smart city clusters (NEOM, Al-Qiddiya, King Abdullah Economic City, Al Widyan and others) are expected to add around 700,000 jobs by 2030G. Developing and operating mega projects and smart city clusters is labour-intensive, requiring both blue collar and skilled workers across industries such as construction, hospitality, logistics and transportation. Smart cities that utilise advanced technologies such as smart buildings, AI, Automated Guided Vehicles (AGVs) will require skilled workers in the technology space, creating jobs for both Saudi nationals and expats (pursuant to the Vision 2030, primary research with subject matter experts / market stakeholders, Market Consultants analysis).

The National Industrial Development and Logistics Programme VRP has identified six priority focus areas, namely industries like manufacturing, mining, energy, logistics, along with implementing Industry 4.0 across factories and developing local content of non-oil sectors in the Kingdom. These initiatives aim to create additional jobs and transform the Kingdom into an industrial powerhouse and global logistics hub. The initiative has attracted approximately SAR 300 billion worth of foreign investments into the Kingdom, with an estimated creation of 50,000 jobs by 2022G (pursuant to the Vision 2030, National Industrial Development and Logistics Programme Delivery Plan 2021G to 2025G). The initiative targets to create 98,000 additional jobs by 2030G in sectors such as energy and logistics, in smart cities and economic zones, driving the need for blue-collar workers which can be addressed by manpower service companies.

The Privatisation Programme VRP aim to strengthen the private sector's role in the economy by unlocking state-owned assets for investment, which is expected to increase its GDP contribution by SAR 13 to 14 billion and create 10,000 to 12,000 incremental permanent and temporary jobs across different industries and skill levels, creating opportunity for manpower companies (pursuant to the Vision 2030, the Privatisation Programme).

The National Transformation Programme aims to promote SMEs and entrepreneurship in the Kingdom, supported by Monsha'at and Ministry of Commerce. The Government has allocated SAR 70 billion to support the private sector. By 2025G, SMEs are expected to contribute to 30 per cent. of the Kingdom's GDP and employ 25 per cent. of the workforce. The Government aims to increase SMEs contribution towards GDP to 35 per cent. by 2030G through increased bank loans. There is opportunity for manpower companies to address the need of SMEs with tailored services as many SMEs choose temporary staffing to reduce recruiting expenses (pursuant to the Vision 2030, National Transformation Programme Delivery Plan 2021G to 2025G).

The Health Sector Transformation Programme VRP aims to restructure the Saudi health sector, enhancing its status and capabilities and is expected to create thousands of jobs. A growing senior population is driving demand for home care services. There is currently a shortage of medical staff that can deliver medical services at medical facilities and at home, which requires support from manpower services to fill the gap with expatriate talents. E-health and virtual care are expected to be a major trend in the Kingdom's healthcare sector, in addition to startups in the field of health informatics. Implementing digital technologies will requires a trained workforce, creating job opportunities for both expats and Saudi nationals in the ICT space. In addition, 3,800 jobs are expected to be created in the pharmaceutical sector and 2,000 jobs expected to be created in the dentistry sector (pursuant to the Vision 2030, Health Sector Transformation Programme Delivery Plan 2021G to 2025G).

The Housing Programme VRP aims to improve Saudi house ownership to 70 per cent. by 2030G by providing 75,000 developmental housing units starting in 2021G. The programme is expected to create 38,000+ direct jobs for Saudis, with an additional 3,000+ people engaged in improving Quality of Life and infrastructure facilities and 4,000+ people engaged in social housing projects, with the help of better financing and housing solutions in the Kingdom (pursuant to the Vision 2030, Housing Programme Delivery Plan 2021G to 2025G).

The retail sector in the Kingdom, supported by the National Transformation Programme is currently estimated at SAR 500 billion and is expected to contribute to 12 per cent. of the GDP by 2025G, with a projected 4 per cent. CAGR. The retail sector employed around 440,000 workers in 2019G and is expected to create job opportunities in activities such as e-commerce and delivery, leading to an increase in demand for temporary workers. The Ministry of Commerce and Monsha'at are working to create approximately one million jobs in the retail sector between 2016G to 2030G, with a focused support for entrepreneurship (pursuant to the Vision 2030, National Transformation Programme (NTP) Delivery Plan 2021G to 2025G).

The Kingdom's tourism sector is expected to contribute to more than 10 per cent. of the country's GDP under the Quality of Life Programme. The sector is projected to generate up to 1.6 million jobs by 2030G through various projects such as The Line, Trojena, Sindalah, Industrial projects, Red Sea project, Al-Soudah and Diriyah Gate. The early months of 2023G witnessed a 58 per cent. increase in tourism numbers compared to the same period in 2019G, which is driven by initiatives from Visit Saudi, Ministry of Tourism, Saudi Tourism Authority and Tourism Development Fund. The Government aims to contribute approximately SAR 9 billion for national tourism growth, leading to a strong demand for workers in hospitality, retail, commercial and construction sectors (pursuant to the Vision 2030, Quality of Life Programme Delivery Plan 2021G to 2025G).

Overall, economic growth and job creation will fuel demand for manpower service. These manpower companies are essential partners for enterprises seeking effective cost management, the ability to swiftly adapt their workforce to changing needs and strict compliance with regulations. As the Kingdom aims for economic diversification and growth, these services are crucial in assisting organisations to efficiently manage large-scale recruitment requirements of human resources while enabling businesses to focus on their core competencies.

3.3.2 Seasonal / Event Based Growth Drivers for Manpower Services

Additionally, economic, social, cultural and religious activities that are seasonal in nature create a need for temporary labour and require high degree of flexibility and reduced liability. This need can be largely fulfilled by manpower service companies since temporary staffing constitute their core business. A few of the prominent sectors / activities that experience seasonal fluctuations in demand for workforce include Hajj and Umrah pilgrimage, social and cultural events, sports events and tourism.

The Kingdom's Pilgrim experience Vision Realisation Programme is an initiative aimed at providing high-quality services to Hajj and Umrah pilgrims. The successful implementation of this programme depends on a strong labour force that ensures the comfort, safety and spiritual well-being of millions of pilgrims. Approximately 15,000 temporary jobs are created each season to cater to the unique needs of the pilgrims. The Kingdom aims to host 30 million pilgrims by 2030G, a considerable increase from the current 24.7 million. This increase in pilgrimage translates into a demand for seasonal employment, particularly within the hospitality sector (pursuant to the Vision 2030, Pilgrim Experience Programme Delivery Plan 2021G to 2025G).

The Kingdom's hospitality sector is currently growing at a rate of 14 per cent., the highest growth rate in the GCC market. This growth is largely driven by Government-led efforts (such as the Quality of Life programme) to develop the tourism, hospitality and entertainment sectors, and is expected to increase demand for seasonal labour.

Since 2019G, hundreds of licences have been granted for restaurants, entertainment events and recreational activities. Between 2022G and 2023G, more than 100,000 visitors attended over 200 entertainment events. Currently, cultural activities employ over 64,000 individuals and this number is projected to increase to over 143,000 by 2030G. The entertainment sector has already created 101,000 jobs through more than 1,000 companies and is expected to continue generating employment opportunities, particularly during events and activities that require temporary labour support (pursuant to the Vision 2030, Quality of Life Programme Delivery Plan 2021G to 2025G). Expo 2030 is also expected to contribute to create of seasonal jobs.

Sporting events such as the Super Classico championship and the Riyadh Season Cup, featuring top-league players, have attracted global fans, resulting in a surge in visitor numbers. The sports sector is expected to contribute one per cent. to the GDP by 2030G.

3.3.3 Demographic Shifts and Labour Force Participation Constraints in Labour Supply

Multiple initiatives under Vision 2030 and the VRPs aim to develop the Saudi labour market, reduce unemployment, increase female participation and improve diversity in general. Manpower companies can help place candidates into jobs, creating growth opportunities in the manpower services market.

One National Transformation Programme goal is to increase women's share in the labour market from 21.2 per cent. in 2017G to 30 per cent. in 2025G of the overall Saudi workforce. As of 2022G, the target has already been surpassed with 36 per cent. participation during Q4 2022G. The surge in labour force participation calls for increased job placement efforts. The following table shows the Saudi labour force participation rate: Male vs Female, from Q4 2018G to Q4 2022G:

Table 3.3: Saudi Labour Force Participation Rate: Male vs Female, from Q4 2018G to Q4 2022G (%)

	Q4 2018G	Q4 2019G	Q4 2020G	Q4 2021G	Q4 2022G
Saudi men	63.0%	66.6%	68.5%	66.8%	68.5%
Saudi women	20.2%	26.0%	33.2%	35.6%	36.0%

Source: General Authority of Statistics (GASTAT), Labour Market Statistics, Q4 2022G.

As more women enter the labour market, demand for household support jobs such as housekeepers, cooks and nannies will increase, creating opportunities in the Individual segment of manpower companies.

Labour force development initiatives in the Kingdom have led to a rise in the labour force participation rate among Saudi citizens, rising from 42 per cent. in 2018G to 52.5 per cent. during Q4 2022G, driven in part by Saudisation policies. The current labour force participation rate in the Kingdom is still lower than the OECD region's (which stood at 73.3 per cent. in the fourth quarter of 2022G) (pursuant to the Organisation for Economic Cooperation and Development (OECD) Labour Force Statistics) and efforts are underway to bridge this gap. The following table shows the labour force participation rate of Saudi and Non-Saudi in the Kingdom, from Q4 2018G to Q4 2022G:

Table 3.4: Saudi Labour Force Participation Rate: Saudi vs Non-Saudi, from Q4 2018G to Q4 2022G (%)

	Q4 2018G	Q4 2019G	Q4 2020G	Q4 2021G	Q4 2022G
Total labour participation	55.9%	58.8%	61.0%	61.5%	61.5%
Saudi	42.0%	46.7%	51.2%	51.5%	52.5%
Non-Saudi	74.5%	75.2%	74.5%	75.4%	74.5%

Source: General Authority of Statistics (GASTAT), Labour Market Statistics, Q4 2022G.

Multiple Government-led initiatives aim at reducing unemployment rate for Saudis in general and for women in particular, directly through improving employability, or indirectly through economic growth. The Human Capital Development Programme is among the many initiatives providing employment support by ensuring alignment between education outcomes and labour market needs. The programme aims to increase percentage of unemployed graduates who find jobs in less than 12 months from 61.8 per cent. in 2020G to 70 per cent. in 2025G (pursuant to the Vision 2030, Human Capability Development Programme Delivery Plan 2021G to 2025G).

The impact of Government-led initiatives on the unemployment rate in the Kingdom has been positive. The unemployment rate has recovered in 2021G and 2022G, particularly for Saudi nationals, following the COVID-19 pandemic. The following table shows unemployment rate in the Kingdom of Saudi and Non-Saudi, from Q4 2018G to Q4 2022G:

Table 3.5: Saudi Unemployment Rate in the Kingdom: Saudi vs Non-Saudi, from Q4 2018G to Q4 2022G (%)

	Q4 2018G	Q4 2019G	Q4 2020G	Q4 2021G	Q4 2022G
Unemployment rate	6.0%	5.7%	7.4%	6.9%	4.8%
Saudi	12.7%	12.0%	12.6%	11.0%	8.0%
Non-Saudi	1.0%	0.4%	2.6%	2.9%	1.5%

Source: General Authority of Statistics (GASTAT), Labour Market Statistics, Q4 2022G.

Over the past five years, the unemployment rate for Saudi women has reduced considerably, decreasing from 32.5 per cent. in Q4 2018G to 15.4 per cent. in Q4 2022G. The following table shows the unemployment rate in the Kingdom of male and female, from Q4 2018G to Q4 2022G:

Table 3.6: Saudi Unemployment Rate in the Kingdom: Male vs Female, from Q4 2018G to Q4 2022G (%)

	Q4 2018G	Q4 2019G	Q4 2020G	Q4 2021G	Q4 2022G
Saudi men	6.6%	4.9%	7.1%	5.2%	4.2%
Saudi women	32.5%	30.8%	24.4%	22.5%	15.4%

Source: General Authority of Statistics (GASTAT), Labour Market Statistics, Q4 2022G.

As the economy continues to recover, companies are increasingly turning to temporary staffing services to maintain flexibility and reduce costs to increase their agility to respond to economic cycles, creating growth opportunities for manpower companies.

3.3.4 Regulatory Environment

The evolving regulatory environment in the Kingdom is enhancing the business landscape and improving Saudi market attractiveness for global workers. This favourable transformation includes:

- the "Ajeer" programme, facilitating labour supply, particularly for expatriates, streamlining hiring processes and promoting workforce flexibility;
- the "Contractual Relationship Improvement" initiative contributing to faster and more effective settlement of labour disputes and the enforcement of occupational health and safety laws;
- introduction of "Qiwa", offering 24/7 electronic labour services for corporations and individuals, streamlining visa and work permit processes and enhancing the management of contractual relationships, ultimately fostering a more efficient labour market in the Kingdom; and
- sector-specific initiatives, such as introducing seasonal contracts in agriculture and Hajj season, reducing permits' costs for industrial roles, providing platforms to connect job seekers with employers in the private sector, launching the Women Leaders programme 2030, and implementing employment support initiatives for wages in the private and non-profit sectors.

In line with these initiatives, the National Transformation Programme has set a strategic objective to "improve working conditions for expats". The aim is to increase percentage of establishments complying with occupational safety and health law from 15 per cent. in 2019G to 70 per cent. in 2025G (pursuant to the Vision 2030, National Transformation Programme Delivery Plan 2021G to 2025G).

3.3.5 Technology Adoption

Government investments in developing national talent have fostered digital entrepreneurship and innovation through various creative initiatives. The manpower service industry has experienced increased technology utilisation, with platforms such as Musaned, Quwaa and Mudad streamlining processes (pursuant to Primary research with subject matter experts / market stakeholders, Market Consultants analysis).

The growing adoption of AI and technological advancement in the Kingdom could have both a negative and a positive impact on the manpower services market. The growing presence of AI has raised concerns regarding its potential effects on the job market as more jobs becomes automated, which may slow down the staffing market's growth. On another hand, AI and data-driven recruiting bring immediate value to the staffing industry with their ability to analyse large volume of data to power insight-driven predictions. AI-powered applications can help gain a comprehensive understanding of potential candidates, generate custom advertisements that help target the right pools and perform better matching. AI can ultimately improve submission quality, improve accuracy and reduce time to fill, while also improving worker's experience.

3.4 Market Sizing

Temporary staffing constitutes the core business of manpower companies in the Kingdom and covers procedures such as recruiting, contract management, payroll, visa handling, among others. The temporary manpower services market in the Kingdom is mostly driven via two segments: Corporate Segment and Individual segment:

- The Corporate Segment consists of providing manpower services for companies across different industries, covering a wide range of blue collar (core offering) and white-collar jobs. The Corporate Segment makes up around 70 per cent. of the market; and
- The Individual segment caters to households and individuals. Services include hiring of domestic workers, drivers, care providers, among others, on a full-time or on an hourly basis. The Individual segment accounts for the remaining 30 per cent. of the market in the Kingdom (pursuant to Primary research with subject matter experts / market stakeholders, Market Consultants analysis).

3.4.1 Business Services

In 2022G, the total potential market size (or the outsourceable market) for business manpower services in the Kingdom is estimated to be approximately SAR 147 billion in revenue terms and 3.4 million FTEs in headcount terms. This market however is not realizable in the near term as it is contingent on increase in the overall rate of adoption for manpower services. Adoption is dependent on higher awareness and strong clients' conviction of manpower services firms' added value, supported by favourable legislations and availability of sufficient trained manpower for deployment (pursuant to Primary research with subject matter experts / market stakeholders, Market Consultants analysis).

The near-term realizable market (achievable in the next 2 to 5 years) takes into account a gradual, but growing trend among organisations in the Kingdom to adopt manpower services with the aim to outsource complex processes, decrease costs and reduce liability. Primary research indicates that organisations may be actively looking to substitute around 6 to 8 per cent. of their non-Saudi workforce with outsourced personnel from manpower service providers. Taking these factors into account, the estimated total realizable market for outsourced manpower is estimated to be approximately SAR 16.9 billion in revenue terms and 0.4 million FTEs in headcount terms, in 2022G. Considering the present economic and developmental path for the Kingdom, the business manpower services market is expected to grow in the coming years at 7 per cent. CAGR. The realizable market is expected to grow to approximately SAR 23.9 billion in revenue terms and 0.56 million FTE terms in headcount by 2027G. This presents opportunities for both current and new entrants (pursuant to Primary research with subject matter experts / market stakeholders, Market Consultants analysis).

The current realised revenue of all players in the Kingdom in the business services segment is estimated to be approximately SAR 9.1 billion in revenue terms and 0.17 million FTEs in headcount terms, in 2022G. This implies a realisation market adoption / penetration rate of nearly 50 per cent. of the realizable revenue and around 40 per cent. of the overall realizable headcount in the industry. The unrealised market can be attributed to the relatively nascent status of manpower services industry in the Kingdom, and therefore to limited awareness and low adoption of manpower services among organisations, implying significant growth opportunities in the sector (pursuant to Primary research with subject matter experts / market stakeholders, Market Consultants analysis).

The reliance on manpower services for workforce needs, specifically for temporary manpower, varies widely among industries based on workforce size, share of blue-collar jobs, reliance on expat workforce and seasonality. The following table shows the business services realizable market size in the Kingdom as per industry segment, from 2020G to 2022G and 2027G:

Table 3.7: Business Services Realizable Market Size in the Kingdom As Per Industry Segment, from 2020G to 2022G and 2027G (Billion SAR)

	2020G	2021G	2022G	2027G Forecast	2022G-2027G CAGR(1)
Construction sector	4.5	4.1	4.8	6.8	7%
Retail sector incl. Commercial	3.7	3.5	3.1	4.5	7%
Industrial and operation sector	1.1	1.1	1.3	1.9	5%
Facility management	1.1	1.0	1.1	1.6	7%
Hospitality sector	0.8	0.8	1.3	1.8	7%
Oil & gas, Petrochemical	0.6	0.6	0.6	0.9	9%
Healthcare sector	0.6	0.7	0.7	0.9	11%
Others	3.1	3.0	4.0	5.6	7%
Total realizable business services market size	**15.5**	**14.8**	**16.9**	**23.9**	**7%**

Source: General Authority of Statistics (GASTAT), Labour Market Statistics, Q4 2022G, Primary research with subject matter experts / market stakeholders, Market Consultants analysis.

(1) CAGR is calculated in headcounts terms.

Construction and retail remain the largest two industries as they require large numbers of blue-collar labour. They are also expected to grow at 7 per cent. CAGR between 2022G to 2027G, mainly driven by Vision 2030's ambitious objectives and implementation of large scale greenfield developments such as mega projects and smart cities (such as NEOM, Qiddiya and others) (pursuant to Primary research with subject matter experts / market stakeholders, Market Consultants analysis).

The Healthcare sector currently accounts for a relatively small share compared to other industries, but is forecast to be the fastest growing sector with an 11 per cent. CAGR, driven by shortage in medical staff and historical reliance on expatriate staff for delivery of healthcare services. Manpower services requirements for the Healthcare sector is also expected to be driven by Governmental efforts to develop care delivery models such as home care services which require large numbers of medical staff, mainly nurses and care givers (pursuant to Primary research with subject matter experts / market stakeholders, Market Consultants analysis).

Emerging industries such as entertainment and facility management and segments such as Small and Medium Enterprises (SMEs) are also expected to demonstrate potential for growth, mainly driven by Vision 2030 initiatives. SMEs contribution to the Kingdom's GDP is expected to reach 35 per cent. in 2030G.

The blue-collar manpower segment is the largest and is expected to grow as the construction sector grows, driven by the Kingdom's mega projects. Specifically, the blue collar/Non-Saudis segment constitutes the core business for manpower services companies is the Kingdom. The following table shows the business services realizable market size in the Kingdom as per nationality and job type, from 2020G to 2022G and 2027G:

Table 3.8: Business Services Realizable Market Size in the Kingdom As Per Nationality and Job Type, from 2020G to 2022G and 2027G (Billion SAR)

	2020G	2021G	2022G	2027G Forecast
Saudis - Business blue collar workforce	1.0	1.0	1.2	1.5
Saudis - Business white collar workforce	0.5	0.5	0.6	0.7
Non-Saudis - Business blue collar workforce	11.8	11.1	12.7	18.6
Non-Saudis - Business white collar workforce	2.2	2.1	2.3	3.2

Source: General Authority of Statistics (GASTAT), Labour Market Statistics, Q4 2022G, Primary research with subject matter experts / market stakeholders, Market Consultants analysis.

The demand for specialised manpower like engineers and IT professionals is also increasing as these professions are required in mega projects and smart cities and in growing emerging sectors such as tourism and entertainment. This demand is expected to accelerate the growth of the white-collar segment.

The Saudi manpower segment size is still significantly lower. Value-add of manpower companies in the non-Saudi segment is still superior to that in the Saudi segments. Manpower companies are yet to clearly define their value proposition in the Saudis segment, which could have potential for growth in the future.

3.4.2 Individual Segment Services

3.4.2.1 Full-Time/Live-In Individual Segment Workforce

The total potential market size for these services is estimated to be around SAR 84 billion in revenue terms and 3.4 million FTEs in headcount terms, in 2022G. According to primary research with industry participants and experts, there is a considerable untapped market opportunity in the full-time individual segment services (pursuant to Primary research with subject matter experts / market stakeholders, Market Consultant analysis).

The near-term realizable market size for full-time individual segment services in the Kingdom is estimated to be SAR 4.7 billion in revenue terms and 0.19 million FTEs in headcount terms, in 2022G. The realizable market is expected to grow to approximately SAR 6.2 billion in revenue terms and 0.22 million FTEs in headcount terms in 2027G (pursuant to Primary research with subject matter experts / market stakeholders, Market Consultant analysis).

The current full-time individual segment market in the Kingdom however is around SAR 2 billion in revenue terms and 0.07 million FTEs in headcount terms, implying an adoption / penetration rate of around 40 per cent. of revenues and around 35 per cent. of manpower headcount of the realizable market, indicating significant potential for growth in the near term. The Government's requirement of 30 per cent. of headcount to come from the individual segment will contribute to the segment's growth as it has to grow in parallel to the manpower companies' corporate segment (pursuant to Primary research with subject matter experts / market stakeholders, Market Consultant analysis).

According to primary research, drivers and domestic workers constitute the core segments in the full-time home services. The following table shows the full-time Individual segment realizable market size in the Kingdom as per occupation, from 2020G to 2022G and 2027G:.

Table 3.9: Full-time Individual Segment Realizable Market Size in the Kingdom As Per Occupation, from 2020G to 2022G and 2027G (Billion SAR)

	2020G	2021G	2022G	2027G Forecast
Drivers	2.3	2.7	2.6	2.9
Domestic workers (servants, house cleaners, etc.)	1.6	1.9	2.0	3.2
Cook and food provider	0.06	0.07	0.08	0.11
House guards	0.001	0.002	0.002	0.002
Domestic care (Nurses and health professionals at homes)	0.002	0.002	0.002	0.003
Total realizable full-time home services segment	**3.97**	**4.70**	**4.72**	**6.16**

Source: General Authority of Statistics (GASTAT), Labour Market Statistics, Q4 2022G, Primary research with subject matter experts / market stakeholders, Market Consultant analysis.

Demand for domestic workers is expected to grow as populations and number of households grow and as more women enter the labour force and require household services. Demand for drivers however is expected to increase at a slower rate due to the recent allowance of women to drive.

Leading companies in the home services segment are diversifying within the full-time segment, introducing services such as Elite services which offer specialised personal staff for VIPs.

3.4.2.2 Hourly Individual Segment Workforce:

Based on primary research, the total potential market size for hourly individual segment services in the Kingdom in 2022G is estimated to be around SAR 17 billion in revenue terms and 0.36 million FTEs, in headcount terms (pursuant to Primary research with subject matter experts / market stakeholders, Market Consultant analysis).

The realizable market size for hourly individual segment is estimated to be SAR 2.8 billion in revenue terms and 0.06 million FTEs in headcount terms, in 2022G. The realizable market is expected to grow to approximately SAR 4.1 billion in revenue terms and 0.08 million FTEs in headcount terms in 2027G (pursuant to Primary research with subject matter experts / market stakeholders, Market Consultant analysis).

A significant portion of the market is still untapped as, currently, the hourly individual segment services market in the Kingdom captured by all players is around SAR 1.5 billion in revenue terms and 0.03 million FTEs in headcount terms, in 2022G, implying an adoption / penetration rate of 55 per cent. of revenues and 50 per cent. of manpower headcount of the realizable market (pursuant to Primary research with subject matter experts / market stakeholders, Market Consultant analysis).

Growth in the hourly home-segment services is expected to be higher than growth in the full-time segment. The hourly segment is a more recent services which addresses the households/individuals need for flexibility and customised services. This presents an opportunity to create a competitive advantage for early adopters. The growth is largely supported by the increase in technology adoption among Saudi population.

Domestic workers are the core segment in hourly services and constitute the largest share of the hourly individual segment services. The following table shows the hourly individual segment realizable market size per occupation, from 2020G to 2022G:

Table 3.10: Hourly Individual Segment Realizable Market Size Per Occupation, from 2020G to 2022G (Billion SAR)

	2020G	2021G	2022G
Domestic workers (Servants, House cleaners, etc.)	1.54	2.88	2.74
Domestic care (Nurses and health professionals at homes)	0.01	0.01	0.01
Private teachers and Nannies at homes	0.02	0.04	0.04
Total realizable hourly Individual segment services	**1.57**	**2.93**	**2.78**

Source: General Authority of Statistics (GASTAT), Labour Market Statistics, Q4 2022G, Primary research with subject matter experts / market stakeholders, Market Consultant analysis.

Domestic Care, Private Teachers, Nannies, Beauty and Handyman services constitute a lower share of total hourly services, but have significant growth potential. The Kingdom's aging population accompanied with home care initiatives by Ministry of Health are expected to increase demand for nurses and health professionals required for home visits. Additionally, with the increasing popularity of hourly services, the demand for private teachers, nanny, beauty and handyman services is expected to grow. There are also untapped opportunities in part-time / hourly services such as home beauty care and male cleaning services. Home beauty care segment represents a new growing segment in the Kingdom with few leading companies providing the services. Additionally there is increasing demand for handyman services, particularly as technology adoption by customers and providers improves access to such services. The male cleaning services segment remains unexplored and presents potential for growth to address the need of households that are not families, especially considering the expanding male expatriate population in the Kingdom.

3.5 Competitive Analysis

3.5.1 Market Dynamics

There are 46 licensed companies in the Kingdom offering manpower services in both business and individual segments. Business services account for around 70 per cent. of the market, while home services account for the remaining 30 per cent. (pursuant to Primary research with subject matter experts / market stakeholders, Market Consultant analysis).

Manpower services market in the Kingdom is understood to have a significant degree of consolidation, with the top 6 players estimated to account for 50 to 60 per cent. of the total realised market, the Company being one of the dominant players. While most top players were established between 2012G to 2014G, Tamkeen Human Resources Company was established more recently in 2018G. The following table shows the Saudi manpower companies' market share as a percentage of total headcount:

Table 3.11: Market Share as a Percentage of Total Headcount 2022G (%)

	Saudi Manpower Solutions Company (SMASCO)	Maharah Human Resources Company	Al Mawarid Manpower Company	International Recruitment Company (IRC)	Jawa Human Resources Company	Tamkeen Human Resources Company
Market Share	14-16%	13-15%	9-11%	5-7%	3-5%	3-5%

Source: Primary research with subject matter experts / market stakeholders, Market Consultant analysis.

Market consolidation may be further driven by the Government's regulation requiring 30 per cent. of manpower companies' business to be in the individual segment, which is operationally more complex and carries higher legal and reputational risks. This requirement also implies that growth will require higher capital as both business and individual segments need to grow in parallel, giving advantage to larger players with strong financial capabilities. In addition, capital requirement to enter the market is SAR 100 million which constitutes a deterrent for potential entrants (pursuant to Primary research with subject matter experts / market stakeholders, Market Consultants analysis).

Among the top players, the market is considered to be highly competitive given the little differentiation in service offering. Large clients have strong bargaining power in negotiating better deals and are able to switch between competitors due to the low switching costs. This indicates a need for further differentiation within manpower services and diversification to new adjacencies within the HR solutions ecosystem.

3.5.2 Competitors' Differentiating Factors

Competitive advantage in the Saudi manpower services market is driven by several parameters:

3.5.2.1 Diversification of Sectors and Staffing Services

a- Corporate Segment

- The Company was the first to provide tailored manpower sourcing solutions for Small and Medium Enterprises (SMEs) through its mobile application Rowad;
- Tamkeen Human Resources Company was established in 2018G with a primary focus on the health sector (pursuant to Tamkeen Human Resources Company website); and
- Maharah Human Resources Company expanded into facility management by acquiring a majority stake in Spectra Support Services (pursuant to Maharah Human Resources Company Annual report 2022G).

b- Individual Segment

- The Company was the first player to serve the individual segment by creating Raha application and hold the largest market share within the individual segment;
- The Company's Raha is the first player to launch private chauffeur services and hospitality staff services for events and special occasions (Monasabat);
- The Company and JawaHR provide hospitality staff for events, etc., on a part-time/hourly basis (pursuant to JawaHR website);
- Maharah Human Resources Company was the first to enter the health sector and has ventured into home health services through Arabian Shifa Medical Company (pursuant to Maharah Human Resources Company Annual report, 2022G);
- The Company, Maharah Human Resources Company and Al Mawarid Manpower Company have entered into the VIP services individual segment (pursuant to Al Mawarid Manpower Company and Maharah Human Resources Company); and
- Al Mawarid Manpower Company has high utilisation of aggregator platforms including Justlife (pursuant to Primary research with subject matter experts / market stakeholders, Market Consultant analysis).

3.5.2.2 Digitalisation

- The Company uses customised technology integration in back-end operations across value chain and offers a flexible pricing engine to deliver tailored packages for business clients. The Company also utilises AI and advanced technologies in daily operations. The Group addresses the manpower requirements of SMEs and entrepreneurs via ROWAD, a digital mobile application. The Company was also the first to offer home services through the Raha application (pursuant to Rowad mobile application);
- The Company's Raha is the first application for home services in the Saudi market;
- Maharah Human Resources Company has implemented automation in its operational and financial procedures using latest digital technologies along with a strong cybersecurity infrastructure in place (pursuant to Maharah Human Resources Company Annual report 2022G); and
- Leading companies in the industry offer mobile applications/e-services to provide both full-time and hourly services for individual segment customers.

3.5.2.3 Customer Service

- The Company has a dedicated CX arm (Terhab) handled and managed by more than 100 agent and employee, facilitated in over 14 languages, and which proficiently managed on average over 1 million customer interactions yearly and resolved more than 2 million cases up to September 2023G. The Company has contact centre systems seamlessly integrating voice, chat, social media, WhatsApp and email channels. The Knowledge Management System facilitates easy access to information, contributing to the Group's unique proposition in the market;
- The Company offers flexible payment terms to its business clients to reduce their financial burden and foster strong customer relationship; and
- Al Mawarid Manpower Company has developed the initiative "Voice of the Client" to collect client feedback along with detailed response plans to provide high quality services (pursuant to Al Mawarid Manpower Company initiation report, 2023G).

3.5.2.4 Marketing Outreach

- The Company strongly focuses on branding for Raha to cater to individual segment clients. Raha has a top score on Google search, mobile downloads and website visits and has the largest engagement and followers on X. Raha has the top brand awareness in the home service brands in the Saudi market. The Company has the full SEO score and a constant presence in LinkedIn. The Company's business marketing strategy focuses on digital presence, exhibitions and conferences in all sectors;
- Tamkeen Human Resources Company actively used Twitter engagement to improve their sales (pursuant to Tamkeen Human Resources Company and Market Consultants analysis); and
- Jawa Human Resources Company has an active Instagram and LinkedIn presence with regular updates about their services (pursuant to Jawa Human Resources Company and Market Consultant analysis).

3.5.2.5 Diversification Across Adjacencies

- The Company actively engages in diverse investments through Saneem, its corporate VC arm, to add value to the existing services and diversify into other HR adjacencies. Saudi Logistic Services Company (SLSC), a Subsidiary under the Company, provides logistics support and supply chain innovative solutions primarily to the Company; and
- Maharah Human Resources Company has diversified into the adjacent HR tech sector through investment in KABI technology, a specialised company in AI HR recruitment solutions. Maharah Human Resources Company has also diversified into last-mile delivery services through Nabd Logistics (pursuant to Maharah Human Resources Company Annual report 2022G).

3.5.2.6 Network of Recruitment Agencies

- The Company has a strong network of over 150+ overseas recruitment agencies, covering a wide range of 40+ nationalities to provide diverse manpower solutions (pursuant to the Company's website and corporate profile, 2023G).

3.5.2.7 Reach and Coverage

- The Company's services cover 96 cities and provinces across the Kingdom. The Company has the highest coverage in the home services which can be mainly attributed to their focus on technology, logistics and accommodation provision.

4. BUSINESS DESCRIPTION

4.1 Overview

Saudi Manpower Solutions Company is a Saudi joint stock company pursuant to the Ministerial Resolution No. (128/Q), dated 3 Rabi' al-Thani 1433H (corresponding to 25 February 2012G) and registered under Commercial Registration No. 1010331000, dated 12 Rabi' al-Thani 1433H (corresponding to 5 March 2012G), issued in Riyadh, Kingdom of Saudi Arabia. The Company operates with the MHRSD licence Number (1) dated 29 Jumada al-Ula 1443H (corresponding to 2 January 2022G). As of the date of this Prospectus, the Company has a share capital of four hundred million Saudi Arabian Riyals (SAR 400,000,000), divided into four hundred million (400,000,000) ordinary shares, each with a fully paid nominal value of one Saudi Arabian Riyal (SAR 1) per share. The Company's headquarters and registered office is located at Al Olaya Street, Al Ghadeer District, P.O. Box 91279, Riyadh 13311, Kingdom of Saudi Arabia.

According to the Company's Bylaws, its main activities include employment agency activities and temporary employment agency activities. According to its main Commercial Registration certificate, the Company's activities include temporary employment agency activities for home service and activities of temporary employment agencies of expatriate workers services.

As of the date of this prospectus, the Company has five (5) Subsidiaries: Saudi Logistic Services Company, a one-person limited liability company, Terhab Customer Experience Company Limited, a one-person limited liability company, Saneem Investment Company, a one-person limited liability company, Romooz Development for Communications and Information Technology, a one-person limited liability company and Business Solutions Centre Private Limited Company, a limited liability company. For further information on the Subsidiaries, see Section 4.7 (*Subsidiaries*).

The Company's main activities consist of the following main business sectors (for further information, see Section 4.9 (*Overview of the Group's Business*)):

- **Corporate Segment:** It is a cornerstone of the Group's business, providing comprehensive manpower services to a variety of industries with both professional and unskilled labour. This segment has consistently been a major revenue contributor, accounting for approximately seventy per cent. of the Group's total revenue in recent years. The Group serves key industries such, as oil and gas / petrochemical, retail, construction, industrial and operation, healthcare and hospitality, deploying a significant number of workers across these sectors. Its service offerings are diverse, including Musanadeh for basic manpower needs, Mutakamelah for employee management, Shamelah for complete human resource solutions, Mawsemiah for peak season demands and Jahez for immediate manpower requirements. The Group's robust client base includes both public and private sector entities, underlining its ability to meet varied manpower needs; and
- **Individual Segment:** It offers a wide range of personal manpower services, divided into two main sub-segments:
  - **Individual Segment – Raha Mouqeemah:** This sub-segment contributes to the Group's revenue through contracts established with individual customers. The primary services catered in this segment include those related to domestic workers, cleaners, private drivers and personal assistants, with accommodation provided by the customers. Generally, the invoices for services within this sub-segment are settled on a monthly basis or in advance; and.
  - **Individual Segment – Raha Hourly:** This sub-segment generates revenue through services billed on an hourly basis to individual customers, predominantly focusing on domestic workers and cleaners.

As the first licensed manpower service provider in the Kingdom, the Group has become a trailblazer, establishing benchmarks and safeguarding workforce rights while tailoring services to local market needs. The Group's evolution in the manpower solutions sector, transitioning from a focus on blue-collar workers to a broader skill range, mirrors the growing demand for diverse, high-quality manpower services. This strategic shift, bolstered by innovative offerings, brand strength and strategic alliances, such as its partnership with Urban Company, underscores its robust market position. The Group employs a diversified portfolio strategy, catering to varied client segments and workforce nationalities, prioritising profitability and cost optimisation for sustainable Shareholder returns. Emphasising value creation and operational efficiency, the Group integrates streamlined business operations, advanced technological automation and strategic ecosystem development, all while maintaining a comprehensive, client-oriented approach.

The Group's competitive advantages are built on a capital-light business model, ensuring robust financial strength and cash flow with minimal capital investment and a debt-free operational strategy. This approach, combined with the executive leadership's deep industry expertise, along with advanced IT architecture, including AI, ML and RPA, enhance operational efficiency and service delivery. Demonstrating innovation leadership, the Group has introduced on-demand hourly services, advanced mobile applications, dynamic pricing, specialised services and strategic branding initiatives. Its multi-channel sales capability, state-of-the-art IT architecture and scalable manpower platform further demonstrate its ability to adapt and excel in a dynamic macroenvironment. The highly experienced management team's strategic vision and understanding of the manpower market, coupled with a robust governance and legal compliance framework, underscore the Group's commitment to excellence, trust and industry leadership.

In both the Corporate and Individual Segments, the Group employs distinct but equally effective strategies for client and customer engagement and retention. In the Corporate Segment, success centres on market segmentation and targeting, alongside personalised selling, customised solutions and strong relationship building. The Group further enhances client engagement through comprehensive marketing support, which includes a blend of online and offline campaigns, participation in events and a robust digital presence. Equally, in the Individual Segment, customer engagement is reinforced through user-friendly mobile apps, direct tele-sales and accessible branch sales, coupled with all-around support to ensure high customer satisfaction and encourage repeat business. The Group also applies a thorough recruitment and management strategy for individual manpower resources, encompassing every stage from visa procurement to post-deployment support, with a keen focus on training, adaptability and cultural integration, ensuring a seamless service experience in both segments.

The Group's commitment to operational excellence is reflected in its comprehensive approach, which encompasses rigorous payroll protection, performance monitoring, workforce communication and extensive employee welfare programmes. These initiatives ensure high service quality and foster a supportive workplace culture. The welfare strategy is further enhanced by robust health and safety measures, suitable accommodation and a well-maintained transportation infrastructure with safety and security protocols, all contributing to employee well-being and adherence to industry standards. Additionally, the Group's pricing strategy effectively balances competitiveness and value, thoughtfully considering diverse client and customer needs while accounting for factors such as worker salaries, Government fees and recruitment costs, thereby maintaining operational excellence across all facets of its business.

The Group's comprehensive strategy and competitive advantages, coupled with its diverse and innovative service offerings, client-centric approach, and commitment to operational excellence and workforce welfare, position it as a leader in the manpower solutions sector in the Kingdom. As estimated by the Market Study Consultant, the Group is considered a dominant market player with 14 to 16 per cent. market share in the Kingdom in 2022G. As of 30 September 2023G, the Group's services for the Individual Segment – Mouqeemah services were available in 96 cities, while Individual Segment - On-demand services were available in 52 cities and provinces, through nine branches in eight major cities across the Kingdom and 51 service centres.

As of 30 September 2023G, the Group employed a total of 635 employees across the Kingdom (for further details, see Section 5.9 (*Employees*)).

The Company generated revenue of SAR 1,817.4 million, SAR 1,715.8 million, SAR 1,839.9 million and SAR 1,336.8 million in the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, compared to SAR 1,362.6 million for the financial year ended 30 September 2022G, respectively. The net income was SAR 121.8 million for the nine-month period ended 30 September 2023G, compared to SAR 109.9 million for the nine-month period ended 30 September 2022G. The Group's total assets were SAR 1123.5 million, SAR 991.8 million, SAR 1009.2 million for the financial years ended 31 December 2020G, 2021G and 2022G, and SAR 1096.3 million for the nine-month period ended 30 September 2023G, compared to SAR 1009.3 million for the nine-month period ended 30 September 2022G. Total liabilities as of the same dates amounted to SAR 525.6 million, SAR 506 million, SAR 481 million for the financial years ended 31 December 2020G, 2021G and 2022G, and SAR 496.2 million for the nine-month period ended 30 September 2023G, compared to SAR 481 million for the nine-month period ended 30 September 2022G. See Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*) for further information about the detailed discussions on financial performance of the Company.

4.2 Vision, Mission and Strategy

4.2.1 Vision

The Company's vision is to create an outstanding workforce that drives national progress, fosters social enrichment and delivers outstanding value to its customers and clients, thereby setting new benchmarks of excellence in the manpower industry.

4.2.2 Mission

The Company's mission is to advance manpower solutions by placing people at the heart of every initiative, striving to become the preferred career destination through optimal work environments, seamlessly connecting businesses with ideal manpower, offering homes high-quality, standardised services, enhancing profitability and client satisfaction with industry-leading practices and driving innovation through strategic investments in cutting-edge technologies.

4.2.3 Strategy

The Group's strategic approach in the manpower solutions sector, which is still emerging in the Kingdom with a relatively low overall penetration rate, is grounded in a comprehensive understanding of both the industry and the evolving needs of the market. With historical focus shifting from predominantly blue-collar workers to a broader spectrum of skills and specialisations, the Group is poised to meet the increasing demands of businesses and households for diverse, high-quality manpower services. This changing landscape, marked by businesses needing access to a large pool of varied skills and households requiring more than just cleaning services, positions the Group to leverage its strengths in delivering efficient, reliable and tailored manpower solutions.

The Group's strategy is now evolving to not only cater to these growing and diversifying needs but also to offer additional value-added services. This strategic shift aligns seamlessly with the Group's vision of being the leader in comprehensive manpower solutions in the Kingdom and its mission to dynamically cater to both corporate clients and individual customers. By focusing on its core manpower services and adapting to provide manpower with higher levels of skills and specialisations, the Group is responding to the Kingdom's growing economy and the evolving needs of businesses and individuals, seeing significant opportunities for expansion and development in the sector.

Incorporating advanced technology, robust recruitment processes and deep industry knowledge, the Group is well-positioned to respond swiftly and effectively to these new market demands, emphasising the sourcing and deployment of the finest talent worldwide. This strategic direction not only reinforces the Group's commitment to excellence, innovation and sustainable growth but also underpins its dedication to nurturing long-lasting relationships and enhancing operational efficiency across diverse industries, ensuring that every strategic decision and action contributes towards achieving these overarching objectives. In this context, the key pillars of the Group strategy include the following:

4.2.3.1 Strong Value Proposition and Market Position

The Group stands out in today's competitive business landscape with a strong value proposition and a formidable market position, underpinned by a strategic combination of innovative offerings, brand strength and collabourative alliances. This distinct positioning is achieved through the following three key strategic approaches:

a- Bringing to Market Well-Defined, Innovative and Scalable Offerings

The Group's success is driven by its ability to offer well-defined, innovative solutions that meet the dynamic requirements of various market segments. Specialising in sourcing a wide spectrum of foreign manpower resources, from highly skilled professionals to proficient unskilled labour, the Group caters to a broad clientele. This range of services, tailored to the unique needs of both corporate clients and individual customers, underscores the Group's commitment to innovation and scalability. The ability to adapt and respond to the changing market dynamics with such comprehensive solutions signifies a deep understanding of the industry and a dedication to staying ahead in the competitive curve.

b- Leveraging Capabilities and Know-How to Build Strong Brands Offering High Quality of Services

The Group leverages its extensive capabilities and industry know-how to build and maintain strong brand identities. This is evident in its dedication to providing high-quality services, a commitment that is deeply embedded in its operational philosophy. The Group's careful approach to the recruitment process, encompassing everything from salary and insurance costs to professional training, speaks volumes about its commitment to quality. Furthermore, the Group's sustained relationships with esteemed partners and clients are testament to the trust and reliance placed in its brand. Such partnerships not only demonstrate the Group's expertise in the sector but also reinforce its brand as synonymous with quality and reliability.

c- Developing Alliances and Partnerships with Key Entities to Strengthen Market Position

The Group's strategic alliances and partnerships play a pivotal role in bolstering its market position. These collaborations extend across various sectors, enabling the Group to tap into new markets and leverage synergies for mutual growth. The Group's collaboration with global industry leaders, exemplified by its partnership with Urban Company (see Section 4.4.3 (*Home Services Marketplace (Joint Venture with Urban Company)*) for further details), highlights its capability to form and sustain strategic partnerships. These alliances are not just transactional but are built on a foundation of mutual trust and shared goals, further solidifying the Group's standing in the market.

The synergy of these strategic elements – innovative and scalable offerings, a strong focus on quality and collabourative partnerships – positions the Group uniquely in the market. This robust value proposition not only distinguishes the Group in a competitive industry but also sets a foundation for sustained growth and market leadership. The Group's approach, characterised by adaptability, quality focus and strategic collaborations, ensures it remains a preferred choice for clients seeking comprehensive and reliable manpower solutions.

4.2.3.2 Diverse and Profitable Portfolio Strategy

Maintaining a competitive edge requires a strategic approach that not only meets the current market demands but also anticipates future trends. The Group's strategy for building a diversified and profitable portfolio of offerings is precisely tailored to achieve this objective, as well as to enhance the financial value of the portfolio to ensure sustainable returns to Shareholders. This approach intertwines diversification with profitability, ensuring the Group remains resilient, relevant and financially robust.

a- Diversification of Offerings within the Manpower Industry

The Group's efforts to diversify its portfolio within the manpower industry involve broadening the services and solutions offered to cater to a diverse clientele. It aims to expand its reach across various dimensions, including corporate and individual client segments, as well as a diverse workforce:

- **Corporate Diversification:** the Group is enhancing its service offerings to cater to a wide range of industries, utilising varied selling channels and adapting to the unique needs of businesses of different sizes. This includes providing specialised manpower solutions tailored to specific industry requirements, thereby positioning the Group as a versatile and adaptable partner in the corporate sector;
- **Individual Client Services Diversification:** in the realm of services for individual customers, the Group is innovating its service line to include various roles, such as drivers, domestic workers and personal assistants. In addition, it is diversifying its service delivery models to include flexible options, including hourly arrangements, long-term contracts (Raha Mouqeemah) and utilising its Tawassut platform for an efficient, technology-driven approach. This expansion caters to the evolving needs of individual customers, offering them more personalised and convenient service choices; and
- **Workforce Nationalities:** recognising the value of a diverse workforce, the Group is expanding its recruitment to encompass a broader range of nationalities. This not only enhances the cultural diversity within the workforce but also enables the Group to offer a wider array of skill sets and linguistic capabilities, further tailoring their services to meet the diverse requirements of both corporate and individual clients.

Through these strategic diversification efforts, the Group positions itself as a comprehensive service provider in the manpower sector, capable of meeting the varied and dynamic needs of its diverse clientele. Additionally, the Group focuses on expanding its reach into new market segments and geographies. This expansion is strategic, targeting sectors and regions with high growth potential and aligning services with the specific needs of these markets. This geographical and sectoral expansion not only diversifies the Group's client base but also mitigates risks associated with market fluctuations.

b- Enhancing Financial Value for Sustainable Shareholder Returns

The Group's strategy also places a strong emphasis on enhancing the financial value of its portfolio. This involves a thorough focus on profitability and value creation for Shareholders. To achieve this, the Group adopts a data-driven approach to identify and invest in high-margin services and emerging market opportunities. By prioritising profitability in its diversification efforts, the Group ensures that each new service or market expansion contributes positively to the overall financial health.

Cost optimisation plays also a critical role in enhancing financial value. The Group employs rigorous cost-control measures and efficiency improvements across its operations. This includes optimising resource allocation, automating processes to reduce operational costs and negotiating strategic partnerships and alliances that lead to cost benefits.

The Group also emphasises strong financial management and performance monitoring. This includes setting clear financial targets for each segment, regularly reviewing performance against these targets and adjusting strategies in response to market changes. By closely monitoring and managing its financial performance, the Group ensures that it remains on track to deliver sustained and growing returns to Shareholders.

The Group's strategy for a diverse and profitable portfolio is a comprehensive approach that balances the need for diversification with the imperative of financial viability. By expanding its service offerings, the Group not only strengthens its position in the manpower industry but also ensures it remains adaptable and responsive to changing market dynamics. Simultaneously, the focus on financial value and Shareholder returns ensures that the Group's growth is sustainable and profitable. This dual focus on diversification and profitability is pivotal in propelling the Group towards long-term success and market leadership in the manpower industry.

4.2.3.3 Value Creation and Highly Efficient Operations

The Group has consistently demonstrated its commitment to serving a diverse range of corporate clients and individual customers. This commitment is rooted in a comprehensive strategy that includes the sourcing of a broad spectrum of foreign manpower resources, encompassing both highly professional and skilled personnel as well as proficient unskilled labour. The Group's approach is tailored to meet the dynamic manpower requirements across various market segments, ensuring a thorough and effective fulfilment of client needs. This is achieved through the following three key strategic approaches:

a- Optimising Business Operations for Increased Efficiencies and Productivity

The Group is dedicated to continuously refining its operational processes, focusing not only on enhancing efficiency and productivity but also on elevating service quality and customer satisfaction. This comprehensive strategy includes a detailed examination and restructuring of workflows, resource allocation and management practices. By optimising these key areas, the Group not only streamlines its operations and service delivery but also strategically aligns its efforts towards cost optimisation. This multifaceted approach is designed to simultaneously improve client satisfaction and service quality, while also judiciously managing and reducing overheads.

b- Automating Processes for Lean Operations and Improved Offerings

Automation stands at the forefront of the Group's strategy to cultivate lean operations and elevate its service offerings. By integrating advanced technology and automated systems, the Group aims to significantly reduce manual intervention, lower error rates and expedite processes. This shift towards automation not only streamlines operations but also enhances scalability, enabling the Group to offer more sophisticated and customised services. This transformation bolsters the Group's ability to adapt to changing market demands and scale services efficiently, further strengthening its overall value proposition to clients.

c- Strategically Shaping the Ecosystem to Support Manpower Offerings

Recognising the importance of a supportive ecosystem in its operations, the Group is dedicated to meticulously shaping its unique environment to enhance its services in manpower management. This ecosystem comprises specialised components that synergistically support the Group's core functions, including the following:

- **SLSC (Service and Logistics Support Centre):** tailored to provide accommodation and transportation solutions for the manpower, SLSC plays a pivotal role in ensuring the well-being and efficiency of the workforce;
- **Terhab:** focused on customer experience management and process outsourcing, Terhab enhances the Group's operational efficiency and client engagement strategies;
- **Saneem:** through Saneem, the Group invests in technologies and ventures that are synergistic to its ecosystem, thereby fostering innovation and enhancing its service capabilities; and
- **Joint Venture with Urban Company:** this proposed collaboration is a strategic move, leveraging the strengths of the Group's ecosystem. It aims to capture new opportunities in the market, particularly enhancing the Group's edge in home services.

By strategically developing these components, the Group not only strengthens its market position but also ensures sustainable growth and value creation for all stakeholders. The Group's firm dedication to optimising operations, embracing automation, and nurturing a cohesive and supportive ecosystem underscores its commitment to excellence and leadership in the manpower services industry.

4.2.3.4 Comprehensive Customer-Oriented Approach

The Group's approach in the manpower solutions sector is rooted in a client-oriented philosophy, focusing on client acquisition, retention and service to ensure comprehensive engagement. This strategy is pivotal in driving the Group's growth and maintaining its market leadership and consists of the following key elements:

- **Client Acquisition and Retention:** In addressing the need for a robust client base, the Group implements the following focused strategies for client acquisition and retention:
  - Market Segmentation Strategy for Client Acquisition: the Group employs industry event participation, personal selling and relationship building, particularly with corporate clients and a mobile app targeting the SME segment, ensuring a comprehensive approach from outreach to service delivery;
  - Client Feedback and Satisfaction: prioritising client feedback is central to the Group's philosophy, underpinning its commitment to service excellence and client satisfaction; and
  - Loyalty Programmes: implementing loyalty programmes helps in solidifying long-term relationships and transforming satisfied customers into brand advocates.

- **Client Service and Satisfaction:** The Group places significant emphasis on client service and satisfaction, incorporating the following initiatives to strengthen and sustain its market position:
  - Dedicated Relationship Management Teams: these teams are essential in providing ongoing support and addressing the evolving needs of clients, thereby fostering strong, responsive relationships;
  - Regular Client Satisfaction Surveys: conducting surveys enables the Group to gather valuable insights, driving improvements in service quality;
  - Responsiveness and Continuous Service Improvement: the Group's commitment to client satisfaction is demonstrated through its responsiveness to client feedback and dedication to continuously enhancing its services;
  - Integration of Client Service in Operations: client service is an integral part of all operational processes, ensuring high standards of service delivery and workforce well-being; and
  - Adaptation and Flexibility: recognising changing client needs, the Group maintains its competitiveness and responsiveness through flexible service models and tailored solutions.

This strategic approach showcases the Group's dedication to exceeding client expectations and underscores its commitment to ongoing growth and leadership in the manpower solutions market.

4.2.3.5 Digital Transformation

In an era where technology evolves at an unprecedented pace, the Group recognises the critical need for digital transformation to maintain its competitive edge and relevance. This necessity becomes even more pronounced considering the Group's robust presence in manpower services. The Group's digital transformation strategy is designed to integrate state-of-the-art technologies and digital methodologies into the Group's foundational business processes and client engagement models, ensuring a future-proof and progressive path forward. This strategy is cantered around the following two key elements:

a- Adopt, Invest and Acquire Latest Technologies

The Group's strategy is designed to incorporate cutting-edge technological solutions. This approach aims to bolster internal efficiency and enhance client interactions, marking a significant step in the Group's commitment to digital excellence and innovation. The Group is committed to revolutionising both its internal and external operations through strategic adoption, investment and acquisition of the latest technologies. In a significant move, the Group has implemented advanced Enterprise Resource Planning (ERP) systems, designed to streamline various business processes and significantly enhance operational efficiency. This shift to sophisticated ERP solutions, combined with the transition to cloud computing services, ensures scalable, secure and cost-effective data storage and management solutions, providing a resilient backbone for all digital operations. Moreover, the Group is also committed to investing in a suite of progressive technologies, including AI, ML and RPA. By deploying these technologies, the Group is poised to transform its data analysis, predictive modelling and decision-making processes. These innovations are not just technological upgrades but strategic tools that empower the Group to sustain its competitive edge to achieve the business goals of efficiency and scalability.

b- Digitising Solutions and Strengthening Online Presence

As part of its strategy, the Group is dedicated to redefining its service delivery and amplifying its digital footprint. This initiative involves transforming conventional manpower services into digital offerings and enhancing online visibility, ensuring the Group remains at the forefront of digital innovation and client engagement in the modern era by implementing the following:

- **Digitising Solutions Across the Recruitment Cycle and Customer Journey:** the Group is actively digitising the entire span of the recruitment cycle, enhancing every aspect from online interviews and selection to contracting and automated self-services. This comprehensive digital transformation aims to streamline the recruitment process, making it more efficient and accessible. It includes the implementation of AI-powered chatbots and automated systems to enhance client service efficiency and responsiveness. These digital assistants will provide round-the-clock support, facilitating immediate assistance to clients and stakeholders. Furthermore, the Group is also developing advanced digital tools for workforce management to further streamline its service offerings;
- **Enhancing Client-Facing Operations with Digital Platforms:** the Group is equally focused on enhancing its client-facing operations through the introduction of sophisticated mobile applications and client portals. These platforms are designed to be user-friendly and efficient, ensuring a seamless client experience from first contact to ongoing engagement. By integrating these digital solutions, the Group is not only streamlining processes but also significantly expanding its online presence; and
- **Strengthening Online Presence:** recognising the critical role of a strong online presence, the Group has conducted a comprehensive overhaul of its website. This includes incorporating SEO optimisation, a user-friendly design and detailed service information. Additionally, the Group utilises social media platforms as key channels for brand promotion, client engagement and reputation management.

The Group's proactive approach in adopting and integrating the latest technologies, coupled with its efforts to digitise solutions and expand its online footprint, reflects its commitment to staying ahead in the digital landscape. This strategy is centred not just on adapting to technological advancements but also on leading the way in operational efficiency and client engagement. Through these digital capabilities, the Group is setting new standards in the industry, positioning itself as a forward-thinking and innovative leader.

4.2.3.6 The Group's Impact on People and Communities

The Group has adopted a comprehensive strategy aimed at enhancing the worker experience and fostering positive impacts on communities, significantly elevating the image of the manpower industry within the Kingdom. This strategy includes several key components, focusing on enhancing workforce well-being and satisfaction while maintaining a leadership role in regulatory adherence and stakeholder collaboration.

Central to this approach is the Group's commitment to payroll protection, ensuring employees receive timely and accurate salary payments in accordance with MHRSD standards. Enhanced workforce communication is facilitated through tools like the WAFI360 app and a multilingual contact centre, fostering a transparent and ongoing dialogue. Annual surveys link employee satisfaction directly to client expectations, thereby improving morale and productivity. The Group's recognition of its employees extends to salary increments, performance-based rewards and personalised appreciation initiatives.

Professional development is a cornerstone of the Group's strategy, with extensive training programmes designed to equip employees with vital skills for their roles. The Group's dedication to physical health and safety is evident in its comprehensive health check-ups, partnerships with renowned insurance providers and adherence to strict safety and security standards in the workplace.

Moreover, the Group has established a robust relationship with regulatory bodies, consistently staying ahead in terms of regulatory compliance, including accommodation regulations, quotas, visas and Ajeer systems. This proactive stance cements the Group's position as a market leader and trusted partner.

The Group's deep partnerships with key industry stakeholders, such as Embassies from sourcing countries, play a vital role in its operations. These relationships ensure a steady and ethical supply of manpower while respecting the rights and well-being of workers.

Furthermore, the Group's offerings significantly enhance the quality of life for individual customers and elevate service quality for corporate clients. By providing a well-trained, satisfied and highly motivated workforce, the Group ensures that its services not only meet but exceed the expectations of all stakeholders, thereby contributing to broader community well-being and setting a benchmark in the manpower industry. For further details, see Section 4.9.4 (*Manpower Resources Relations*).

4.3 Strength and Competitive Advantages

The Group, a market leader in the Kingdom's manpower industry, leverages a capital-light business model for robust financial strength and cash flow, underpinned by minimal capital investment in high-value assets and efficient working capital management. This approach, coupled with a debt-free operational strategy, provides significant competitive advantages such as financial stability, investment opportunities and enhanced attractiveness to investors and partners. The Group's adaptability in a dynamic macro environment, reinforced by the deep industry expertise of its executive leadership, has proven effective in navigating economic downturns, regulatory changes and global crises. This resilience is complemented by a state-of-the-art IT architecture that integrates advanced technologies like AI and RPA, enhancing operational efficiency and service delivery. The Group's comprehensive approach, which includes a multi-channel sales strategy and a scalable manpower platform with extensive accommodation and transportation infrastructure, positions it as a frontrunner in the manpower industry, committed to excellence, innovation and customer-centric solutions. The Group's strengths and competitive advantages include the following key pillars:

4.3.1 Integrated Excellence Model: A Synergistic Approach to Strategy and Operational Performance

In the dynamic landscape of modern business, the Group has carved out a unique position of leadership and innovation with the establishment of its Strategy and Transformation Unit in 2015G. This strategic move signalled the adoption of an Integrated Excellence Model, a comprehensive approach that melds strategic planning with effective execution. This model stands as a testament to the Group's commitment to adaptability, innovation and strategic foresight, cementing its status as a frontrunner in achieving sustainable, long-term success. It consists of the following main components:

- **Strategic and Transformational Leadership:** established in 2015G, the Group's Strategy and Transformation Unit exemplifies its commitment to integrated excellence. This comprehensive unit, encompassing strategy, corporate performance and organisational excellence functions, forms the cornerstone of the Group's distinct competitive advantage. By amalgamating these crucial aspects under one umbrella, the Group ensures a seamless alignment of strategic objectives with operational execution;

- **Innovation and Continuous Improvement:** the Group's integrated approach is a testament to its leadership in innovation and adaptability. Periodic performance review meetings, anchored in this model, drive continuous improvement and reflect the Group's dedication to staying ahead in a dynamic business environment. This proactive stance in refining processes and strategies ensures that the Group remains at the forefront of industry evolution;
- **Alignment of Strategy with Operational Excellence:** the Strategy and Transformation Unit ensures that the Group's overarching strategy is intricately linked with day-to-day operational performance. This alignment is critical in translating strategic visions into tangible outcomes, fostering an environment where strategic goals and operational efficiency coalesce to drive sustained growth and excellence;
- **Compensation and Benefits System Aligned with Performance:** the Group has implemented a well-designed compensation and benefits system, rooted in key performance indicators. This strategic initiative underlines the Group's focus on meritocracy and performance-based rewards, ensuring that excellence and achievement are recognised and incentivised, thereby fostering a motivated and high-performing workforce; and
- **Robust Governance Model for Sustainable Growth:** the Group's governance model, activated in 2015G, is characterised by its robustness, transparency, accountability and ethical practices. Encompassing internal audit, governance, risk management and compliance functions, this framework safeguards Shareholder interests and promotes a culture of integrity. It signifies the Group's relentless commitment to responsible decision-making and ethical business practices, further enhancing its competitive edge.

4.3.2 Capital-Light Business Model: A Foundation for Robust Cash Flow and Financial Strength

The Group employs a capital-light business model, a strategic choice that minimises the necessity for substantial capital investment in high -value assets, such as land or buildings. This approach is evident in the Group's operational infrastructure as most of the worker housing, distribution centres, sales branches and other logistical facilities are leased. The notable exception is the Aridh housing complex, a strategically developed hub intended to serve as a prototype for future accommodations.

In the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, the Group's capital expenditures were SAR 65.4 million, SAR 10.8 million, SAR 37.0 million and SAR 18.1 million, respectively, representing 3.6 per cent., 0.6 per cent., 1.9 per cent. and 1.3 per cent., respectively, of the revenue in the same periods. A significant portion of these expenditures was related to the construction of the Aridh housing facility.

Complementing this capital-light approach is the Group's effective working capital management. The Group's policies are designed to maintain low levels of working capital, enhanced by efficient receivables collection cycles - 48 days in the financial year ended 2020G, 50 days in the financial year ended 2021G, 45 days in the financial year ended 2022G, and 52 days in the nine-month period ended 30 September 2023G. The Group further mitigates the need for substantial operational cash by securing deposits from business customers, which range from one to three months of billing and advances from select Raha Mouqeemah and Raha Hourly clients. Consequently, the total working capital deployed (excluding cash and time deposits but including long -term retained deposits) was SAR 92.9 million, SAR 161.9 million, SAR 159.3 million and SAR 158.0 million in the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, representing 5.1 per cent., 9.4 per cent., 8.7 per cent. and 11.6 per cent., respectively, of revenue in the same periods.

The efficacy of the capital-light model is further underscored by the Group's ability to generate substantial cash flow, which is available for distribution to Shareholders and to fund future growth. The operating free cash flow (calculated as cash flow from operating activities less cash flow from investing activities less lease liabilities paid) was SAR 214.0 million, SAR 107.4 million, SAR 157.1 million and SAR 132.9 million in the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, respectively. Moreover, the Group maintains a debt -free balance sheet and a robust net cash position (inclusive of cash and Murabaha deposits), which amounted to SAR 240.4 million, SAR 197.6 million, SAR 246.2 million and SAR 329.1 million in the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G.

This strategic combination of a capital-light model and prudent financial management positions the Group favourably for sustainable growth and profitability, further solidifying its role as a leader in the industry.

4.3.3 Debt-Free Operations

In a dynamic business environment, the financial strategies adopted by a company play a pivotal role in shaping its competitive landscape. For the Group, operating as a debt-free entity is a significant competitive strength. It underscores its robust fiscal discipline and strategic foresight, positioning it uniquely in the marketplace. The absence of debt on its balance sheets translates into the following operational and strategic advantages, which not only strengthen the Group's financial health but also enhance its market position:

- **Robust Financial Stability and Independence:** as a debt-free company, the Group enjoys a high level of financial stability. This status allows it to operate without the pressures and constraints typically associated with debt, such as interest payments and covenants. This financial independence enables the Group to make strategic decisions swiftly and efficiently, without the need for external approval or considerations of debt servicing;
- **Enhanced Investment and Growth Opportunities:** the absence of debt on the balance sheet frees up capital, enabling the Group to reinvest in its core business operations, pursue innovative projects and explore new market opportunities. This financial flexibility is crucial for maintaining a competitive edge and driving sustainable growth;
- **Greater Attractiveness to Investors and Partners:** a debt-free status is often seen as a marker of a company's strong operational health and prudent financial management. This can make the Group more attractive to investors and partners, as it signifies lower financial risk and a solid foundation for future growth;
- **Increased Operational Efficiency:** without the burden of debt, the Group can allocate resources more effectively, focusing on improving operational efficiencies and investing in areas that directly contribute to growth and profitability. This can include technology upgrades, workforce training and expansion into new markets;
- **Enhanced Resilience in Volatile Markets:** a debt-free company is generally more resilient to economic downturns and market volatilities. With no obligations to creditors, the Group can navigate challenging economic climates with greater agility, adapting its strategies to ensure long-term sustainability and continued market leadership;
- **Superior Ability to Weather Economic Challenges:** the Group's debt-free position provides a substantial cushion against economic shocks, such as recessions or unexpected market disruptions. This financial buffer ensures that the Group can maintain its operations and workforce even in adverse conditions, further solidifying its position as a market leader; and
- **Positive Corporate Image and Stakeholder Confidence:** being debt-free enhances the Group's corporate image, showcasing its fiscal responsibility and long-term viability. This can lead to increased confidence among stakeholders, including clients, employees and Shareholders, reinforcing the Group's reputation for reliability and sound management.

4.3.4 A Full-Fledged Manpower Platform with a Proven Track Record

In the competitive landscape of manpower solutions, the Group distinguishes itself through a multifaceted strategy that underscores its industry leadership. This approach encompasses a trusted platform for manpower deployment, an extensive recruitment network, a wide-ranging service portfolio, technological and logistical superiority and a focused drive for financial value creation. Each element plays a vital role in reinforcing the Group's market dominance and continuous growth.

4.3.4.1 Leading and Trusted Manpower Platform

The Group has established itself as a leading and trusted name in the manpower industry, underlined by its remarkable accomplishment of deploying around 160,000 skilled workers from more than 40 countries up to 30 September 2023G. This achievement showcases the Group's unparalleled ability to cater to the diverse and dynamic needs of both the Corporate and Individual Segment s.

4.3.4.2 Extensive Recruitment Network

The foundation of this success lies in the Group's extensive network, comprising over 150 active agencies spanning over 40 sourcing countries as of 30 September 2023G. This vast network is not just a testament to the Group's expansive reach, but also to its adeptness in sourcing a wide range of skilled labour, suited to varying market demands.

4.3.4.3 Diverse Service Portfolio

The Group's service portfolio is exceptionally diverse, covering numerous corporate areas, such as oil and gas / petrochemical, retail, construction and healthcare and more. This diversity extends to the Individual Segment as well, where the Group provides skilled professionals for roles like housekeepers, drivers and personal assistants.

4.3.4.4 Technology and Logistics Excellence

Key to the Group's success is its excellence in technology and logistics. The integration of outstanding technology and seamless logistics into its operations enhances the efficiency and quality of its service delivery. The Group's advanced technological infrastructure and in-depth operations know-how enable it to effectively meet the varied demands of its clients.

4.3.4.5 Value Creation

Such operational efficiency and strategic resource allocation have not only instilled trust among its clientele but have also provided the Group with a distinct competitive edge. This is reflected in the Group's impressive customer retention rate, particularly in the business sector, where it achieved a high rate of 67 per cent. in 2022G. This retention rate is a clear indicator of the Group's ability to create substantial financial value for its stakeholders.

In summary, the Group's robust expansion and market leadership are the results of a blend of a widespread recruitment network, a diverse service portfolio, technological and logistical prowess and a strategic focus on value creation. This comprehensive approach has been pivotal in acquiring new clients and sustaining its status as the premier manpower solutions provider in terms of market share. The Group's remarkable deployment track record, combined with its dedication to continuous improvement and client satisfaction, not only fortifies its reputation for excellence but also signifies its ongoing commitment to growth and innovation in the manpower industry.

4.3.5 Leading Innovation in the Sector

As the first licensed manpower Company in the Kingdom, the Group has established itself as a first mover in the industry, marked by a series of groundbreaking innovations. These include the pioneering introduction of on-demand hourly services, a revolutionary concept in the regional manpower sector and the development of advanced mobile applications specifically designed to enhance operational efficiency and user experience in manpower services. The Group further distinguished itself by implementing dynamic pricing models, offering unprecedented flexibility and cost-effectiveness. Additionally, it has tailored its services to meet specific corporate needs, demonstrating an unparalleled adaptability and commitment to targeted solutions. Complementing these innovations, the Group's strategic licensing and branding initiatives have not only solidified its leadership position but also set new standards in the manpower industry, underscoring its dedication to excellence and customer-centric solutions.

4.3.5.1 Pioneering Hourly Services

The Group has distinguished itself as an industry pioneer by being the first to offer on-demand hourly services since 2014G. This innovative approach has revolutionised how manpower services are rendered, catering to the evolving needs of customers who require flexible and immediate manpower solutions. This groundbreaking service model has set new standards in the industry, demonstrating the Group's commitment to adapting and leading in a dynamic market environment.

4.3.5.2 Mobile Application Innovations

In the realm of digital transformation, the Group has been a frontrunner with the introduction of the Raha and Rowad mobile applications. Launched in 2016G, the Raha app was a trailblazer in providing home workers with a seamless sales and service channel. Likewise, the Rowad app, specifically designed for small and medium enterprises launched in 2023G, exemplifies the Group's dedication to leveraging technology to enhance service accessibility and efficiency. These applications have not only simplified the process of manpower resource management but have also significantly improved client engagement and satisfaction.

4.3.5.3 Dynamic Pricing Models

The Group's introduction of dynamic pricing and flexible packages marks another milestone in its innovative journey. Being the first in the industry to adopt such a model, the Group has shown its prowess in understanding and responding to market demands. This approach allows for more tailored and cost-effective solutions for clients, further solidifying the Group's position as a customer-centric organisation.

4.3.5.4 Specialised Services

In addressing specific corporate needs, the Group has demonstrated its capability to provide specialised services, notably for top global industry players This bespoke approach to catering to unique industry requirements underscores the Group's versatility and its ability to deliver highly tailored solutions, thereby enhancing its value proposition to clients in various sectors.

4.3.5.5 Licensing and Branding Initiatives

The Group's innovative spirit extends to its licensing and branding initiatives. Notably, it was the first to issue driving licenses for drivers before deployment, enhancing the readiness and compliance of its workforce. Additionally, the introduction of fleet branding has been a strategic move to enhance brand visibility and recognition. These initiatives reflect the Group's foresight in adopting practices that not only add value to its services but also strengthen its brand identity in the marketplace.

In summary, the Group's leadership in innovation within the manpower sector is evident through its pioneering services, technological advancements, flexible pricing models, specialised solutions and strategic branding efforts. These initiatives collectively demonstrate the Group's relentless pursuit of excellence and its commitment to setting new benchmarks in the industry.

4.3.6 Multi-Channel Sales Capability

The Group's multi-channel sales strategy addresses diverse client needs in both Corporate and Individual Segments. In the Corporate Segment, it employs direct sales and industry-specific teams, alongside the digital Rowad application for SMEs, ensuring customised and effective client solutions. For the Individual Segment, the Group combines online sales through the Raha app, tele-sales and physical branches, offering a range of services and enhancing client accessibility and engagement. This strategic blend of traditional and digital channels underlines the Group's innovative and client-centric approach.

4.3.6.1 Corporate Segment

In the Corporate Segment, the Group employs a direct sales approach with dedicated teams for each industry. This structure enables the Group to deeply understand and address the unique business needs of each customer, providing customised solutions in sales, recruitment and account management. The Group's proficiency in industry-specific dynamics allows for more effective and targeted client interactions, strengthening its position as a trusted partner in the corporate world. Additionally, the Group leverages online channels for small and medium enterprises (SMEs) through its Rowad application. This digital platform is tailored to meet the specific needs of SMEs, offering a convenient and accessible way for these businesses to engage with the Group's services.

4.3.6.2 Individual Segment

In the Individual Segment, the Group has diversified its sales approach to include online sales through the Raha application, tele-sales and physical branch sales. Tele-sales, distinct from the Raha application, involves direct communication with potential customers over the phone. While the Raha app provides a digital platform for clients to independently manage services and contracts, tele-sales offer a more personal touch, with sales representatives directly engaging with clients to understand their needs and provide tailored solutions. The Raha application, in particular, plays a significant role in driving revenue, contributing significantly to the Individual Segment's total revenue with a focus on on-demand and stay-in services. The application offers an array of self-service options for contract management, making it a convenient choice for individual customers. The dedicated tele-sales department, staffed by a team of professionals, is responsible for promoting and selling new services, as well as managing contract renewals for stay-in services. Furthermore, the Group's physical presence through its network of branches in key cities enhances its accessibility and local engagement with customers.

Overall, the Group's multi-channel sales capability demonstrates its commitment to adopting innovative approaches to client engagement. By leveraging both traditional and digital sales channels, the Group effectively caters to the evolving needs of its diverse client base, ensuring a strong and growing presence in the manpower solutions sector.

4.3.7 State-of-the-Art IT Architecture

The Group's implementation of a state-of-the-art IT architecture marks a significant milestone in its journey to becoming a leader in the manpower industry. This advanced technological framework is instrumental in enhancing the Group's operational efficiency, elevating the quality of service delivery and ensuring sustained client satisfaction.

4.3.7.1 Advanced Technologies

Central to the Group's technological innovation is the adoption of cutting-edge tools, such as AI and RPA. These technologies are instrumental in optimising HR operations, significantly enhancing efficiency, accuracy and responsiveness. Similarly, RPA has automated routine tasks and processes, reducing manual work and minimising the scope for errors. This synergy of AI and RPA not only streamlines internal processes but also enhances the client experience by providing faster, more accurate solutions.

The Group's commitment to technology extends beyond AI and RPA. Embracing cloud computing and cybersecurity measures ensures that data is stored securely and can be accessed remotely, facilitating flexibility and resilience in operations. The integration of these technologies signifies the Group's dedication to staying ahead in the digital curve, constantly seeking out and implementing innovations that drive productivity and service excellence.

4.3.7.2 Digital Products and Services

Innovative digital solutions form the backbone of the Group's service offerings. The Raha app, launched in 2016G, stands out as a prime example of the Group's commitment to digital transformation. With its impressive download (more than four million downloads up to 30 September 2023G) and active user statistics (2.3 million active users as 30 September 2023G), Raha has revolutionised how home services are accessed and managed in the Kingdom. It simplifies the contracting process, making it more accessible and user-friendly for customers. This digital initiative reflects the Group's understanding of modern customer preferences for convenience and speed.

The launch of the ROWAD app in 2023G marked another strategic achievement, catering specifically to the recruitment needs of SMEs. This business-to-business application offers a streamlined, efficient platform for SMEs to engage with the Group's services, reflecting an innovative approach to meeting the unique demands of this segment.

Furthermore, the customer portal and the WAFI application are critical components of the Group's digital ecosystem. The customer portal offers an interactive platform for business clients to manage contracts and track employee and vacancy statuses. The WAFI application, an employee self-service tool, empowers the workforce to manage various requests independently, enhancing employee satisfaction and operational productivity. These digital tools are designed not only for efficiency but also for enhancing user engagement and experience.

4.3.7.3 Data-Driven Organisation

The Group's approach to organisational management is heavily based on data analytics, ensuring that every strategic move is backed by accurate and timely information. The outcome of these decisions is then monitored closely through defined internal performance metrics, which are then analysed for achievement of strategic objectives, key learnings, organisational improvements and employee incentives. By analysing data related to service delivery, client feedback and employee performance, the Group can identify areas for improvement and implement targeted initiatives to enhance service quality. This continuous improvement cycle is critical in maintaining high standards of service delivery and client satisfaction. This data-driven approach allows the Group to gather insights from market trends, client behaviour and actual performance across a range of metrics. These insights form the basis of actionable strategies, enabling the Group to navigate the competitive landscape with agility and precision.

Furthermore, in order to maintain alignment across the organisation, the Group links employees incentives to achievement of specific performance metrics. This ensures that every employee is working towards the overall strategic goals of the Group and is rewarded for his/her contributions towards achievement of these goals.

4.3.7.4 Integration with Core Business Functions

The Group's IT architecture is intricately woven into all core business functions. From talent acquisition and client relationship management to financial planning and operational logistics, every aspect of the business is enhanced by technology. This integration ensures a cohesive, efficient operation where technology and business processes complement each other.

For instance, the Group's ERP system, customised to suit the manpower industry's unique requirements, plays a crucial role in streamlining finance and operations. This system allows for improved visibility and efficiency, enabling different business units to operate cohesively under a unified platform.

4.3.7.5 Security and Infrastructure

Given the critical nature of data in the manpower industry, the Group places a strong emphasis on cybersecurity and data protection. Investing in the latest technology tools to safeguard data against unauthorised access and cyber threats is a top priority. The Group has built its own data centre, maintained in-house, ensuring that IT services support business operations effectively and securely.

In summary, the Group's state-of-the-art IT architecture is a testament to its commitment to technological innovation and excellence. By embracing advanced technologies, launching innovative digital products, utilising data-driven decision-making and integrating technology into core business functions, the Group has established itself as a leader in service excellence. This commitment to leveraging technology strategically positions the Group for continued growth and success in the dynamic manpower industry landscape.

4.3.8 Ready-to-Scale Manpower Platform

The Group's robust and scalable manpower platform is a cornerstone of its success, underpinned by extensive infrastructure and technological capabilities. This platform is designed to efficiently manage and expand the Group's operations, ensuring it can meet the evolving needs of its diverse client base. A key enhancement to this platform is the integration with the Saudi Logistic Services Company Limited (SLSC). Specifically tailored to provide tailored accommodation and transportation solutions for the workforce, SLSC is instrumental in ensuring the well-being and efficiency of the manpower. This strategic addition underscores the Group's commitment to the comprehensive support and care of its workforce, thereby enhancing overall productivity and service quality.

4.3.8.1 Expansive Accommodation Infrastructure

A key element of the Group's operational strength lies in its expansive accommodation infrastructure, which plays a critical role in supporting its manpower operations. As of 30 September 2023G, the Group operated an extensive network of 52 accommodation sites, collectively housing over 8,000 workers. This network is anchored by a major housing facility in Riyadh's Arid District, known as Al Arid, which alone accommodates over 3,500 individuals. By providing a supportive environment that meets all the basic needs of the workforce, these facilities enhance the Group's ability to rapidly mobilise manpower resources. This strategic investment in accommodation infrastructure underscores the Group's commitment to the well-being of its workforce and its capability to efficiently manage large-scale manpower operations. See Section 4.9.4.5 (*Housing*) for further details regarding the housing facilities provided by the Group.

4.3.8.2 Large Transportation Fleet

The Group's transportation infrastructure is another pillar of its operational capability. With a fleet of over 651 vehicles as of 30 September 2023G, it is well-equipped to cater to the diverse transportation needs of its workforce. This fleet includes buses, sedans, SUVs, cargo vans and pickups, designed to efficiently transport workers to various locations. The emphasis on maintaining a large and diverse transportation fleet underscores the Group's commitment to operational fluidity and workforce mobility, enabling it to meet client demands promptly and effectively. See Section 4.9.4.6 (*Transportation Fleet*) for further details regarding the transportation fleet of the Group.

4.3.8.3 Integrated IT Infrastructure

Technological integration is a vital aspect of the Group's operational strategy. Utilising Microsoft Dynamics 365 for comprehensive operational management, the Group has established a streamlined and efficient workflow across various business functions. This integrated IT infrastructure covers sourcing, operations, sales and customer service, ensuring that all aspects of the business are interconnected and operate seamlessly. This technological backbone not only enhances internal efficiency but also improves the quality of services offered to clients. See Section 4.9.5 (*Information Technology*) for further details regarding the information technology of the Group.

4.3.8.4 Customer Experience Management

The Group's commitment to customer satisfaction is evident in its extensive customer experience capabilities. It manages a contact centre with 86 agents as of 30 September 2023G and Terhab that proficiently managed over 1 million customer interactions yearly and resolved more than 2 million cases up to 30 September 2023G since inception, in more than 14 languages, from its inception until 30 September 2023G. This capability demonstrates the Group's dedication to providing responsive and culturally sensitive support to its diverse client base. The focus on customer experience management is integral to maintaining the Group's reputation for excellence and its commitment to delivering exceptional service across various sectors. See Sections 4.9.6 (*Customer Experience*) and 4.9.7 (*Quality of Services*) for further details regarding the customer experience management.

In summary, the Group's ready-to-scale manpower platform, with its extensive accommodation infrastructure, large transportation fleet, integrated IT infrastructure and comprehensive customer experience management, positions it as a leader in the manpower solutions sector. This robust platform enables the Group to efficiently manage and expand its operations, catering to the dynamic needs of its clients while maintaining a high standard of service quality and workforce welfare.

4.3.9 Proven Capability in Managing Dynamic Macro Environment

The Group's journey through a dynamic macroeconomic and regulatory landscape showcases its agility, adaptability and strategic insight. The Group successfully navigated various challenges, including economic downturns, regulatory changes and global crises like the COVID-19 pandemic.

4.3.9.1 Agile and Adaptive Responses to Economic and Regulatory Changes

In an ever-evolving economic and regulatory environment, the Group has demonstrated exceptional adaptability and strategic planning. Faced with challenges such as the 2015G economic downturn and regulatory shifts in 2016G, the Group's responses were characterised by insightful market analysis, tactical agility and proactive adaptation, ensuring not just survival but also paving the way for future growth and expansion:

- **Navigating Economic Downturns:** the Group's resilience was tested during the economic downturn of 2015G, triggered by a slump in oil prices leading to reduced Government expenditures. This downturn particularly impacted the construction sector, a significant part of the Group's portfolio. The Group's response was multifaceted, involving a deep analysis of the labour market portfolio and sub-segmentation. Based on this analysis, it developed eligibility criteria for contracting, focusing on tactics for manpower rotation and sector-specific strategies. This approach not only mitigated the risks associated with the downturn but also positioned the Group for recovery and growth; and
- **Adapting to Regulatory Changes:** in 2016G, regulatory changes by the MHRSD presented a new challenge. The regulation mandated recruitment companies to comprise a certain percentage of home workers in their total workforce. The Group, whose home workers formed a smaller portion of its portfolio, responded by focusing on growing its Raha service. It also developed motivational tools for agencies to match the growth plan in Raha and expanded its sourcing to new countries, such as Uganda, Kenya and Bangladesh. This strategic pivot not only aligned the Group with regulatory requirements but also opened new avenues for revenue and growth.

4.3.9.2 Strategic Response to the COVID-19 Pandemic

The unprecedented global crisis of COVID-19 in 2020G had a profound impact on the labour market. The Group faced challenges like reduced active business workers, induced layoffs, low contract renewals and travel bans impacting the ability of households to hire new domestic workers. The Group's strategic response included shifting to a fully automated customer experience cycle for home clients to mitigate lockdown effects. Additionally, it redeployed unutilised workers from Raha Hourly as Mouqeemah workers, improving revenue and profitability margins. This agile response not only addressed the immediate challenges but also showcased the Group's ability to adapt and innovate in crisis situations.

4.3.9.3 Strategic Market Analysis for Tactical Decision-Making

The Group's approach to market analysis and segmentation is a testament to its strategic vision. By closely analysing market trends, client needs and regulatory landscapes, the Group has been able to make informed decisions, align its services with market demands and maintain a competitive edge. This strategic market analysis has been instrumental in enabling the Group to anticipate changes, adapt services and explore new opportunities.

In summary, the Group's proven capability in managing through a dynamic macro environment is a reflection of its strategic foresight, resilience and adaptability. By effectively responding to economic downturns, regulatory changes and global crises and through strategic market analysis, the Group has not only sustained its operations but has also positioned itself for future growth and success in the manpower industry.

4.3.10 Deep Experience in the Manpower Industry by Executive Leadership

The Group's industry leadership and success are supported by a highly experienced management team, renowned for their sector-specific expertise and strategic vision. Their profound understanding of the manpower industry has been crucial in navigating the Group through complex market dynamics, regulatory environments and shifting market demands. This deep industry knowledge is reflected in their strategic and operational decisions, ensuring the Group's position as a leader in manpower services.

The executive team's ability to anticipate industry trends and respond proactively has been instrumental in the Group's sustained growth and resilience. They have effectively expanded the Group's reach and diversified its services, demonstrating a comprehensive grasp of both local and global manpower markets. Their strategic foresight, coupled with a commitment to innovation and client-centric solutions, has helped the Group to build and maintain a solid market position.

Extending beyond traditional manpower services, the executive leadership's experience encompasses digital transformation, customer relationship management and sustainable business practices, positioning the Group as a pioneer in new technologies and business models that cater to the evolving needs of its clients and the industry at large.

In summary this broad expertise ensures the Group's relevance and leadership in the evolving manpower industry, guiding the Group towards future growth, innovation and continued excellence in the manpower industry.

4.3.11 Robust Governance and Legal Compliance Framework

The Group's strategy is supplemented with a sound corporate governance and legal compliance framework, ensuring high standards of accountability, transparency, responsibility and fairness in all its operations. This framework is designed to align with both local and international standards, drawing on best practices in corporate governance, further reinforced by the involvement of institutional Shareholders like Al Faisaliah Group and Mohammed Al Habib Group.

Key elements of the Group's governance and legal compliance framework include:

- **oversight of operations, investments, financial reporting, and senior management recruitment, retention and remuneration,** coordinated through various Committees like the Executive Committee, Investment Committee, Audit Committee and Nomination and Remuneration Committee. See Section 5.3 (*Committees*) for a more detailed description of the roles and responsibilities of these Committees;
- **well-documented policies and procedures,** across the organisation covering areas such as authority and delegation, conflicts of interest, business ethics, whistleblowing, stakeholder protection, risk management and legal compliance. This includes a commitment to aligning business activities with the Kingdom's Labour laws, regulatory requirements and industry norms;
- **effective contract management and negotiation strategies,** ensuring clear terms, financial guarantees and adherence to legal and regulatory standards in all agreements. This approach is crucial for safeguarding the Group's rights and interests in both corporate and individual client contracts;
- **a fully independent Internal Audit Department,** that reviews processes from a risk and control perspective, providing critical insights and remediation plans directly to the Group's audit committee;
- **a robust risk assessment and management approach,** in operational processes, starting from candidate selection to deployment and post-deployment activities. This includes rigorous screening, skills assessment, background verification and strategic placement of individuals in roles that match their abilities with client requirements; and
- **ongoing focus on service delivery quality and employee satisfaction,** through various mechanisms such as payroll protection, performance monitoring systems, workforce communication channels and employee welfare programmes.

These comprehensive measures not only ensure legal compliance and effective risk management but also foster a culture of excellence and trust, enhancing client satisfaction and promoting a positive workplace environment.

4.4 New Business and Initiatives

The Group's future plans and initiatives focus on strategic growth and innovation. In partnership with Urban Company, a leading tech-based platform, it plans to launch a state-of-the-art home services marketplace by 2024G, combining its expertise in manpower, logistics and local experience with Urban Company's technology and professional sourcing skills. Additionally, through its investment arm Saneem, the Group has initiated a SAR 35 million corporate venture capital fund to invest in emerging technologies like applicant tracking systems, fintech for blue-collar workers and logistics optimisation.

4.4.1 New Corporate Clients and Backlog

The Group remains highly focused on its manpower services operations, continuing to grow its client base. The benefits of its sector specialisation are expected to materialise in the near term. Notably, the Group has secured new contracts with key new clients s. As of 30 September 2023G, the Group has a contracted backlog of approximately 2,795 FTEs ready for deployment across various sectors, primarily in retail, construction and healthcare for the remainder of the year 2023G and the first quarter of the year 2024G. See also Section 2.1.21 (*Existing Contracts and Employment with a Full-Time Equivalent System*) for a discussion of how FTEs are calculated and Section 2.1.21 (*Risks Related to the Residual Value of Existing Contracts*) for a discussion of risk relating to the residual value of existing contracts.

4.4.2 Expansion of Sales Infrastructure

The Group is enhancing its multi-channel sales infrastructure:

- **Branch Network:** In 2023G, the Group's Board of Directors approved the opening of five new branches, with locations already secured for two of them as of the date of this Prospectus and advanced location searches underway for another two. These new branches will increase the Group's geographical coverage and client outreach.
- **Telesales:** Following the success in telesales, the Group plans to increase its telesales agents from eight as of 30 September 2023G to twelve in the course of 2024G.
- **Rowad Application:** The Group's newly launched application for the SME segment, Rowad, has gained significant traction with over 20,000 downloads and more than 3,800 active users as of the date of this Prospectus.

4.4.3 Home Services Marketplace (Joint Venture with Urban Company)

Aligning with its strategy to form valuable partnerships, the Group signed a joint venture agreement on 5 March 2024G with Urban Company, a leading technology platform in the GCC Region, to develop a high-tech and disruptive home services marketplace, set to launch in the course of 2024G. This marketplace will utilise the Group's expertise in manpower and local experience in conjunction with Urban Company's technology and professional capabilities, targeting a range of services including beauty, repair and maintenance.

4.4.4 Corporate Venture Capital Arm - Saneem

The Group has established a SAR 35 million corporate venture capital fund through its investment arm, Saneem, to address new market developments and stimulate innovation. As of 30 September 2023G, approximately SAR 7 million has been invested in synergistic opportunities in areas, such as applicant tracking system technology, a fintech solution tailored for blue-collar workers and advanced logistics route-optimisation technology. This forward-thinking approach underscores the Group's commitment to not only adapting to but also shaping future market trends.

4.4.5 Increasing Worker Renewals

The Group's continued focus on manpower resources relations has led to a five per cent. increase in worker contract renewals from January to September 2023G compared to the previous year, despite a rise in workers due for renewal. This improvement contributes to revenue continuity and reduces recruitment and visa costs.

4.4.6 Other Efficiency Initiatives

The Group continues to implement efficiency initiatives, including expanding process automation beyond Iqama issuance and renewals and introducing chatbots in customer services, improving service delivery quality and efficiency without increasing headcount.

4.5 Corporate History and Evolution of Capital

The Company was established as a Saudi joint stock company pursuant to the Ministerial Resolution No. (128/Q), dated 3 Rabi' al-Thani 1433H (corresponding to 25 February 2012G) and registered under Commercial Registration No. 1010331000, dated 12 Rabi' al-Thani 1433H (corresponding to 5 March 2012G), with a share capital of one hundred million Saudi Arabian Riyals (SAR 100,000,000), divided into ten million (10,000,000) ordinary shares, each with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share. The Shares of the Company upon incorporation were distributed as follows:

Table 4.1: The Ownership Structure of the Company as of 3 Rabi' al-Thani 1433H (corresponding to 25 February 2012G)

Shareholder	Number of Shares	Ownership Percentage (%) [1]
Fahad Ali Mohammed Al Mehedb	1,045,000	10.45%
Saad Nahar Baddah Al Mutairi	760,000	7.60%
Mohammed Abdullah Ahmed Al Basha	600,000	6.00%
Abdulrahman Rashid Mohammed Ammar	500,000	5.00%
Muthker Heif Ali Al Haif	400,000	4.00%
Abdullah Mohammed Abdullah Al Medlej	400,000	4.00%
Abdullah Zamil Mohammed Al Omar	340,000	3.40%
Saleh Abdulrahman Saleh Al Shridah	300,000	3.00%
Fahad Zwaid Melfi Al Mutairi	300,000	3.00%
Abdulrahman Zayed Abdullah Al Mahtab	300,000	3.00%

Shareholder	Number of Shares	Ownership Percentage (%) [1]
Ali Salem Arfaj Al Yami	300,000	3.00%
Abdulmohsen Mohammed Abdullah Bin Saedan	300,000	3.00%
Adel Mubarak Mohammed Al Dosari	200,000	2.00%
Mishari Kurdi Daibel Al Dhafiri	200,000	2.00%
Saad Mohammed Saad Al Dhahik	200,000	2.00%
Abdullah Ibrahim Abdulaziz AlMousa Al Tamimi	200,000	2.00%
Munif Alamlah MajwAl Anzi	200,000	2.00%
Abdulwahab Saad Ayedh Dajam	200,000	2.00%
Musnad Hasher Sael Al Dosari	200,000	2.00%
Fahad Mohammed Hamad Al Sinan	200,000	2.00%
Sami Khaled Ahmed Derry	200,000	2.00%
Ali Abdullah Mohammed Al Shehri	200,000	2.00%
Rajeh Mohammed Rajeh Al Dosari	150,000	1.50%
Majid Abdullah Mohammed Al Ruqaie	150,000	1.50%
Saleh Sultan Mohammed Al Thunayan	115,000	1.15%
Mohammed Abdulaziz Abdulrahman Al Eid	100,000	1.00%
Hassan Oboud Mohammed As-sawat	100,000	1.00%
Mohammed Muteb Saree Al Qahtani	100,000	1.00%
Hazza Mansour Tami Al Mutairi	100,000	1.00%
Saleh Abdullah Mohammed Al Dakheel	100,000	1.00%
Hussain Abdulrahman Saeed Zaahib	100,000	1.00%
Abdulmohsen Zayed Fheed Al Harthi	100,000	1.00%
Mohammed Abdulrahman Bakr Al Safi	100,000	1.00%
Monther Ihsan Abdullah Felimban	100,000	1.00%
Jamal Abdullah Mohammed Al Mofawaz	100,000	1.00%
Makhfoor Abdullah Ali Al Yami	100,000	1.00%
Fahaad Miah Muteb Al Anzi	100,000	1.00%
Sultan Mohammed Sultan Al Zahrani	100,000	1.00%
Ibrahim Hassan Zain Zarbatan	100,000	1.00%
Mohammed Abdulaziz Saud Al Ogaily	100,000	1.00%
Adel Abdulaziz Mohammed Al Daarmi	50,000	0.50%
Theeb Saad Ali Amer Al Salem	50,000	0.50%
Mohsen Ali Salim Al Omairi	50,000	0.50%
Khaled Abdulmohsen Mohammed Al Saif	50,000	0.50%
Khaled Abdulrahim Eid Al Zahrani	50,000	0.50%
Ali Saleh Mohammed Busbait	50,000	0.50%
Khaled Mohammed Ibrahim Al Dehaimi	50,000	0.50%
Khaled Abdullah Sulaiman Al Suwailami	50,000	0.50%
Hamad Omar Hamad Al Rajhi	50,000	0.50%
Mohammed Dayfullah Ali Khawaji	40,000	0.40%
Mohammed Sulaiman Khalaf Al Shael Al Khaldi	30,000	0.30%
Mohamed Hamad Hajars Al Bahli	10,000	0.10%
Fahad Thunayan Baraka Al Thunayan	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company

(1) Ownership percentages are rounded.

On 19 Muharram 1436H (corresponding to 12 November 2014G), Khaled Abdullah Sulaiman Al Suwailami assigned twenty thousand (20,000) Shares to Abdullah Zamil Mohammed Al Omar. The ownership of the Company after the transfer of Shares was as follows:

Table 4.2: The Ownership Structure of the Company as of 19 Muharram 1436H (corresponding to 12 November 2014G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Fahad Ali Mohammed Al Mehedb	1,045,000	10.45%
Saad Nahar Baddah Al Mutairi	760,000	7.60%
Mohammed Abdullah Ahmed Al Basha	600,000	6.00%
Abdulrahman Rashid Mohammed Ammar	500,000	5.00%
Muthker Heif Ali Al Haif	400,000	4.00%
Abdullah Mohammed Abdullah Al Medlej	400,000	4.00%
Abdullah Zamil Mohammed Al Omar	360,000	3.60%
Saleh Abdulrahman Saleh Al Shridah	300,000	3.00%
Fahad Zwaid Melfi Al Mutairi	300,000	3.00%
Abdulrahman Zayed Abdullah Al Mahtab	300,000	3.00%
Ali Salem Arfaj Al Yami	300,000	3.00%
Abdulmohsen Mohammed Abdullah Bin Saedan	300,000	3.00%
Adel Mubarak Mohammed Al Dosari	200,000	2.00%
Mishari Kurdi Daibel Al Dhafiri	200,000	2.00%
Saad Mohammed Saad Al Dhahik	200,000	2.00%
Abdullah Ibrahim Abdulaziz AlMousa Al Tamimi	200,000	2.00%
Munif Alamlah MajwAl Anzi	200,000	2.00%
Abdulwahab Saad Ayedh Dajam	200,000	2.00%
Musnad Hasher Sael Al Dosari	200,000	2.00%
Fahad Mohammed Hamad Al Sinan	200,000	2.00%
Sami Khaled Ahmed Derry	200,000	2.00%
Ali Abdullah Mohammed Al Shehri	200,000	2.00%
Rajeh Mohammed Rajeh Al Dosari	150,000	1.50%
Majid Abdullah Mohammed Al Ruqaie	150,000	1.50%
Saleh Sultan Mohammed Al Thunayan	115,000	1.15%
Mohammed Abdulaziz Abdulrahman Al Eid	100,000	1.00%
Hassan Oboud Mohammed As-sawat	100,000	1.00%
Mohammed Muteb Saree Al Qahtani	100,000	1.00%
Hazza Mansour Tami Al Mutairi	100,000	1.00%
Saleh Abdullah Mohammed Al Dakheel	100,000	1.00%
Hussain Abdulrahman Saeed Zaahib	100,000	1.00%
Abdulmohsen Zayed Fheed Al Harthi	100,000	1.00%
Mohammed Abdulrahman Bakr Al Safi	100,000	1.00%
Monther Ihsan Abdullah Felimban	100,000	1.00%
Jamal Abdullah Mohammed Al Mofawaz	100,000	1.00%
Makhfoor Abdullah Ali Al Yami	100,000	1.00%
Fahaad Miah Muteb Al Anzi	100,000	1.00%
Sultan Mohammed Sultan Al Zahrani	100,000	1.00%
Ibrahim Hassan Zain Zarbatan	100,000	1.00%
Mohammed Abdulaziz Saud Al Ogaily	100,000	1.00%
Adel Abdulaziz Mohammed Al Daarmi	50,000	0.50%
Theeb Saad Ali Amer Al Salem	50,000	0.50%

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Mohsen Ali Salim Al Omairi	50,000	0.50%
Khaled Abdulmohsen Mohammed Al Saif	50,000	0.50%
Khaled Abdulrahim Eid Al Zahrani	50,000	0.50%
Ali Saleh Mohammed Busbait	50,000	0.50%
Khaled Mohammed Ibrahim Al Dehaimi	50,000	0.50%
Hamad Omar Hamad Al Rajhi	50,000	0.50%
Mohammed Dayfullah Ali Khawaji	40,000	0.40%
Khaled Abdullah Sulaiman Al Suwailami	30,000	0.30%
Mohammed Sulaiman Khalaf Al Shael Al Khaldi	30,000	0.30%
Mohamed Hamad Hajars Al Bahli	10,000	0.10%
Fahad Thunayan Baraka Al Thunayan	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

On 7 Safar 1436H (corresponding to 29 November 2014G), Mohammed Abdulrahman Bakr Al Safi assigned eighty thousand (80,000) Shares to Abdullah Zamil Mohammed Al Omar. The ownership of the Company after the transfer of Shares was as follows:

Table 4.3: The Ownership Structure of the Company as of 7 Safar 1436H (corresponding to 29 November 2014G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Fahad Ali Mohammed Al Mehedb	1,045,000	10.45%
Saad Nahar Baddah Al Mutairi	760,000	7.60%
Mohammed Abdullah Ahmed Al Basha	600,000	6.00%
Abdulrahman Rashid Mohammed Ammar	500,000	5.00%
Abdullah Zamil Mohammed Al Omar	440,000	4.40%
Muthker Heif Ali Al Haif	400,000	4.00%
Abdullah Mohammed Abdullah Al Medlej	400,000	4.00%
Saleh Abdulrahman Saleh Al Shridah	300,000	3.00%
Fahad Zwaid Melfi Al Mutairi	300,000	3.00%
Abdulrahman Zayed Abdullah Al Mahtab	300,000	3.00%
Ali Salem Arfaj Al Yami	300,000	3.00%
Abdulmohsen Mohammed Abdullah Bin Saedan	300,000	3.00%
Adel Mubarak Mohammed Al Dosari	200,000	2.00%
Mishari Kurdi Daibel Al Dhafiri	200,000	2.00%
Saad Mohammed Saad Al Dhahik	200,000	2.00%
Abdullah Ibrahim Abdulaziz AlMousa Al Tamimi	200,000	2.00%
Munif Alamlah MajwAl Anzi	200,000	2.00%
Abdulwahab Saad Ayedh Dajam	200,000	2.00%
Musnad Hasher Sael Al Dosari	200,000	2.00%
Fahad Mohammed Hamad Al Sinan	200,000	2.00%
Sami Khaled Ahmed Derry	200,000	2.00%
Ali Abdullah Mohammed Al Shehri	200,000	2.00%
Rajeh Mohammed Rajeh Al Dosari	150,000	1.50%
Majid Abdullah Mohammed Al Ruqaie	150,000	1.50%
Saleh Sultan Mohammed Al Thunayan	115,000	1.15%
Mohammed Abdulaziz Abdulrahman Al Eid	100,000	1.00%
Hassan Oboud Mohammed As-sawat	100,000	1.00%

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Mohammed Muteb Saree Al Qahtani	100,000	1.00%
Hazza Mansour Tami Al Mutairi	100,000	1.00%
Saleh Abdullah Mohammed Al Dakheel	100,000	1.00%
Hussain Abdulrahman Saeed Zaahib	100,000	1.00%
Abdulmohsen Zayed Fheed Al Harthi	100,000	1.00%
Monther Ihsan Abdullah Felimban	100,000	1.00%
Jamal Abdullah Mohammed Al Mofawaz	100,000	1.00%
Makhfoor Abdullah Ali Al Yami	100,000	1.00%
Fahaad Miah Muteb Al Anzi	100,000	1.00%
Sultan Mohammed Sultan Al Zahrani	100,000	1.00%
Ibrahim Hassan Zain Zarbatan	100,000	1.00%
Mohammed Abdulaziz Saud Al Ogaily	100,000	1.00%
Adel Abdulaziz Mohammed Al Daarmi	50,000	0.50%
Theeb Saad Ali Amer Al Salem	50,000	0.50%
Mohsen Ali Salim Al Omairi	50,000	0.50%
Khaled Abdulmohsen Mohammed Al Saif	50,000	0.50%
Khaled Abdulrahim Eid Al Zahrani	50,000	0.50%
Ali Saleh Mohammed Busbait	50,000	0.50%
Khaled Mohammed Ibrahim Al Dehaimi	50,000	0.50%
Hamad Omar Hamad Al Rajhi	50,000	0.50%
Mohammed Dayfullah Ali Khawaji	40,000	0.40%
Khaled Abdullah Sulaiman Al Suwailami	30,000	0.30%
Mohammed Sulaiman Khalaf Al Shael Al Khaldi	30,000	0.30%
Mohammed Abdulrahman Bakr Al Safi	20,000	0.20%
Mohamed Hamad Hajars Al Bahli	10,000	0.10%
Fahad Thunayan Baraka Al Thunayan	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

On 26 Rabi' al-Thani 1436H (corresponding to 15 February 2015G), Mohammed Sulaiman Khalaf Al Shael AlKhaldi assigned thirty thousand (30,000) Shares to Saad Nahar Badah Al Badah Al Mutairi. The ownership of the Company after the transfer of Shares was as follows:

Table 4.4: The Ownership Structure of the Company as of 26 Rabi' al-Thani 1436H (corresponding to 15 February 2015G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Fahad Ali Mohammed Al Mehedb	1,045,000	10.45%
Saad Nahar Baddah Al Mutairi	790,000	7.90%
Mohammed Abdullah Ahmed Al Basha	600,000	6.00%
Abdulrahman Rashid Mohammed Ammar	500,000	5.00%
Abdullah Zamil Mohammed Al Omar	440,000	4.40%
Muthker Heif Ali Al Haif	400,000	4.00%
Abdullah Mohammed Abdullah Al Medlej	400,000	4.00%
Saleh Abdulrahman Saleh Al Shridah	300,000	3.00%
Fahad Zwaid Melfi Al Mutairi	300,000	3.00%
Abdulrahman Zayed Abdullah Al Mahtab	300,000	3.00%
Ali Salem Arfaj Al Yami	300,000	3.00%

Shareholder	Number of Shares	Ownership Percentage (%) [1]
Abdulmohsen Mohammed Abdullah Bin Saedan	300,000	3.00%
Adel Mubarak Mohammed Al Dosari	200,000	2.00%
Mishari Kurdi Daibel Al Dhafiri	200,000	2.00%
Saad Mohammed Saad Al Dhahik	200,000	2.00%
Abdullah Ibrahim Abdulaziz AlMousa Al Tamimi	200,000	2.00%
Munif Alamlah MajwAl Anzi	200,000	2.00%
Abdulwahab Saad Ayedh Dajam	200,000	2.00%
Musnad Hasher Sael Al Dosari	200,000	2.00%
Fahad Mohammed Hamad Al Sinan	200,000	2.00%
Sami Khaled Ahmed Derry	200,000	2.00%
Ali Abdullah Mohammed Al Shehri	200,000	2.00%
Rajeh Mohammed Rajeh Al Dosari	150,000	1.50%
Majid Abdullah Mohammed Al Ruqaie	150,000	1.50%
Saleh Sultan Mohammed Al Thunayan	115,000	1.15%
Mohammed Abdulaziz Abdulrahman Al Eid	100,000	1.00%
Hassan Oboud Mohammed As-sawat	100,000	1.00%
Mohammed Muteb Saree Al Qahtani	100,000	1.00%
Hazza Mansour Tami Al Mutairi	100,000	1.00%
Saleh Abdullah Mohammed Al Dakheel	100,000	1.00%
Hussain Abdulrahman Saeed Zaahib	100,000	1.00%
Abdulmohsen Zayed Fheed Al Harthi	100,000	1.00%
Monther Ihsan Abdullah Felimban	100,000	1.00%
Jamal Abdullah Mohammed Al Mofawaz	100,000	1.00%
Makhfoor Abdullah Ali Al Yami	100,000	1.00%
Fahaad Miah Muteb Al Anzi	100,000	1.00%
Sultan Mohammed Sultan Al Zahrani	100,000	1.00%
Ibrahim Hassan Zain Zarbatan	100,000	1.00%
Mohammed Abdulaziz Saud Al Ogaily	100,000	1.00%
Adel Abdulaziz Mohammed Al Daarmi	50,000	0.50%
Theeb Saad Ali Amer Al Salem	50,000	0.50%
Mohsen Ali Salim Al Omairi	50,000	0.50%
Khaled Abdulmohsen Mohammed Al Saif	50,000	0.50%
Khaled Abdulrahim Eid Al Zahrani	50,000	0.50%
Ali Saleh Mohammed Busbait	50,000	0.50%
Khaled Mohammed Ibrahim Al Dehaimi	50,000	0.50%
Hamad Omar Hamad Al Rajhi	50,000	0.50%
Mohammed Dayfullah Ali Khawaji	40,000	0.40%
Khaled Abdullah Sulaiman Al Suwailami	30,000	0.30%
Mohammed Abdulrahman Bakr Al Safi	20,000	0.20%
Mohamed Hamad Hajars Al Bahli	10,000	0.10%
Fahad Thunayan Baraka Al Thunayan	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

On 28 Sha'ban 1436H (corresponding to 15 June 2015G), Khaled Mohammed Ibrahim Al Dehaimi assigned twenty thousand (20,000) Shares to Abdullah Zamil Mohammed Al Omar. The ownership of the Company after the transfer of Shares was as follows:

Table 4.5: The Ownership Structure of the Company as of 28 Sha'ban 1436H (corresponding to 15 June 2015G)

Shareholder	Number of Shares	Ownership Percentage (%) [1]
Fahad Ali Mohammed Al Mehedb	1,045,000	10.45%
Saad Nahar Baddah Al Mutairi	790,000	7.90%
Mohammed Abdullah Ahmed Al Basha	600,000	6.00%
Abdulrahman Rashid Mohammed Ammar	500,000	5.00%
Abdullah Zamil Mohammed Al Omar	460,000	4.60%
Muthker Heif Ali Al Haif	400,000	4.00%
Abdullah Mohammed Abdullah Al Medlej	400,000	4.00%
Saleh Abdulrahman Saleh Al Shridah	300,000	3.00%
Fahad Zwaid Melfi Al Mutairi	300,000	3.00%
Abdulrahman Zayed Abdullah Al Mahtab	300,000	3.00%
Ali Salem Arfaj Al Yami	300,000	3.00%
Abdulmohsen Mohammed Abdullah Bin Saedan	300,000	3.00%
Adel Mubarak Mohammed Al Dosari	200,000	2.00%
Mishari Kurdi Daibel Al Dhafiri	200,000	2.00%
Saad Mohammed Saad Al Dhahik	200,000	2.00%
Abdullah Ibrahim Abdulaziz AlMousa Al Tamimi	200,000	2.00%
Munif Alamlah MajwAl Anzi	200,000	2.00%
Abdulwahab Saad Ayedh Dajam	200,000	2.00%
Musnad Hasher Sael Al Dosari	200,000	2.00%
Fahad Mohammed Hamad Al Sinan	200,000	2.00%
Sami Khaled Ahmed Derry	200,000	2.00%
Ali Abdullah Mohammed Al Shehri	200,000	2.00%
Rajeh Mohammed Rajeh Al Dosari	150,000	1.50%
Majid Abdullah Mohammed Al Ruqaie	150,000	1.50%
Saleh Sultan Mohammed Al Thunayan	115,000	1.15%
Mohammed Abdulaziz Abdulrahman Al Eid	100,000	1.00%
Hassan Oboud Mohammed As-sawat	100,000	1.00%
Mohammed Muteb Saree Al Qahtani	100,000	1.00%
Hazza Mansour Tami Al Mutairi	100,000	1.00%
Saleh Abdullah Mohammed Al Dakheel	100,000	1.00%
Hussain Abdulrahman Saeed Zaahib	100,000	1.00%
Abdulmohsen Zayed Fheed Al Harthi	100,000	1.00%
Monther Ihsan Abdullah Felimban	100,000	1.00%
Jamal Abdullah Mohammed Al Mofawaz	100,000	1.00%
Makhfoor Abdullah Ali Al Yami	100,000	1.00%
Fahaad Miah Muteb Al Anzi	100,000	1.00%
Sultan Mohammed Sultan Al Zahrani	100,000	1.00%
Ibrahim Hassan Zain Zarbatan	100,000	1.00%
Mohammed Abdulaziz Saud Al Ogaily	100,000	1.00%
Adel Abdulaziz Mohammed Al Daarmi	50,000	0.50%
Theeb Saad Ali Amer Al Salem	50,000	0.50%
Mohsen Ali Salim Al Omairi	50,000	0.50%
Khaled Abdulmohsen Mohammed Al Saif	50,000	0.50%

Shareholder	Number of Shares	Ownership Percentage (%) [1]
Khaled Abdulrahim Eid Al Zahrani	50,000	0.50%
Ali Saleh Mohammed Busbait	50,000	0.50%
Hamad Omar Hamad Al Rajhi	50,000	0.50%
Mohammed Dayfullah Ali Khawaji	40,000	0.40%
Khaled Abdullah Sulaiman Al Suwailami	30,000	0.30%
Khaled Mohammed Ibrahim Al Dehaimi	30,000	0.30%
Mohammed Abdulrahman Bakr Al Safi	20,000	0.20%
Mohamed Hamad Hajars Al Bahli	10,000	0.10%
Fahad Thunayan Baraka Al Thunayan	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

On 10 Shawwal 1436H (corresponding to 26 July 2015G), Mohammed Abdulaziz Saud Al Ogaily assigned fifty thousand (50,000) Shares to Saad Nahar Badah Al Badah Al Mutairi. The ownership of the Company after the transfer of Shares was as follows:

Table 4.6: The Ownership Structure of the Company as of 10 Shawwal 1436H (corresponding to 26 July 2015G)

Shareholder	Number of Shares	Ownership Percentage (%) [1]
Fahad Ali Mohammed Al Mehedb	1,045,000	10.45%
Saad Nahar Baddah Al Mutairi	840,000	8.40%
Mohammed Abdullah Ahmed Al Basha	600,000	6.00%
Abdulrahman Rashid Mohammed Ammar	500,000	5.00%
Abdullah Zamil Mohammed Al Omar	460,000	4.60%
Muthker Heif Ali Al Haif	400,000	4.00%
Abdullah Mohammed Abdullah Al Medlej	400,000	4.00%
Saleh Abdulrahman Saleh Al Shridah	300,000	3.00%
Fahad Zwaid Melfi Al Mutairi	300,000	3.00%
Abdulrahman Zayed Abdullah Al Mahtab	300,000	3.00%
Ali Salem Arfaj Al Yami	300,000	3.00%
Abdulmohsen Mohammed Abdullah Bin Saedan	300,000	3.00%
Adel Mubarak Mohammed Al Dosari	200,000	2.00%
Mishari Kurdi Daibel Al Dhafiri	200,000	2.00%
Saad Mohammed Saad Al Dhahik	200,000	2.00%
Abdullah Ibrahim Abdulaziz AlMousa Al Tamimi	200,000	2.00%
Munif Alamlah MajwAl Anzi	200,000	2.00%
Abdulwahab Saad Ayedh Dajam	200,000	2.00%
Musnad Hasher Sael Al Dosari	200,000	2.00%
Fahad Mohammed Hamad Al Sinan	200,000	2.00%
Sami Khaled Ahmed Derry	200,000	2.00%
Ali Abdullah Mohammed Al Shehri	200,000	2.00%
Rajeh Mohammed Rajeh Al Dosari	150,000	1.50%
Majid Abdullah Mohammed Al Ruqaie	150,000	1.50%
Saleh Sultan Mohammed Al Thunayan	115,000	1.15%
Mohammed Abdulaziz Abdulrahman Al Eid	100,000	1.00%
Hassan Oboud Mohammed As-sawat	100,000	1.00%
Mohammed Muteb Saree AlQahtani	100,000	1.00%
Hazza Mansour Tami Al Mutairi	100,000	1.00%

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Saleh Abdullah Mohammed Al Dakheel	100,000	1.00%
Hussain Abdulrahman Saeed Zaahib	100,000	1.00%
Abdulmohsen Zayed Fheed Al Harthi	100,000	1.00%
Monther Ihsan Abdullah Felimban	100,000	1.00%
Jamal Abdullah Mohammed Al Mofawaz	100,000	1.00%
Makhfoor Abdullah Ali Al Yami	100,000	1.00%
Fahaad Miah Muteb Al Anzi	100,000	1.00%
Sultan Mohammed Sultan Al Zahrani	100,000	1.00%
Ibrahim Hassan Zain Zarbatan	100,000	1.00%
Mohammed Abdulaziz Saud Al Ogaily	50,000	0.50%
Adel Abdulaziz Mohammed Al Daarmi	50,000	0.50%
Theeb Saad Ali Amer al Salem	50,000	0.50%
Mohsen Ali Salim AlOmairi	50,000	0.50%
Khaled Abdulmohsen Mohammed Al Saif	50,000	0.50%
Khaled Abdulrahim Eid Al Zahrani	50,000	0.50%
Ali Saleh Mohammed Busbait	50,000	0.50%
Hamad Omar Hamad Al Rajhi	50,000	0.50%
Mohammed Dayfullah Ali Khawaji	40,000	0.40%
Khaled Abdullah Sulaiman Al Suwailami	30,000	0.30%
Khaled Mohammed Ibrahim Al Dehaimi	30,000	0.30%
Mohammed Abdulrahman Bakr Al Safi	20,000	0.20%
Mohamed Hamad Hajars Al Bahli	10,000	0.10%
Fahad Thunayan Baraka Al Thunayan	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

On 17 Thul-Hijjah 1436H (corresponding to 30 September 2015G), Abdulmohsen Zayed Fheed Al Harthi assigned fifty thousand (50,000) Shares to Saad Nahar Badah Al Badah Al Mutairi. The ownership of the Company after the transfer of Shares was as follows:

Table 4.7: The Ownership Structure of the Company as of 17 Thul-Hijjah 1436H (corresponding to 30 September 2015G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Fahad Ali Mohammed Al Mehedb	1,045,000	10.45%
Saad Nahar Baddah Al Mutairi	890,000	8.90%
Mohammed Abdullah Ahmed Al Basha	600,000	6.00%
Abdulrahman Rashid Mohammed Ammar	500,000	5.00%
Abdullah Zamil Mohammed Al Omar	460,000	4.60%
Muthker Heif Ali Al Haif	400,000	4.00%
Abdullah Mohammed Abdullah Al Medlej	400,000	4.00%
Saleh Abdulrahman Saleh Al Shridah	300,000	3.00%
Fahad Zwaid Melfi Al Mutairi	300,000	3.00%
Abdulrahman Zayed Abdullah Al Mahtab	300,000	3.00%
Ali Salem Arfaj Al Yami	300,000	3.00%
Abdulmohsen Mohammed Abdullah Bin Saedan	300,000	3.00%
Adel Mubarak Mohammed Al Dosari	200,000	2.00%

Shareholder	Number of Shares	Ownership Percentage (%) [1]
Mishari Kurdi Daibel Al Dhafiri	200,000	2.00%
Saad Mohammed Saad Al Dhahik	200,000	2.00%
Abdullah Ibrahim Abdulaziz Al Mousa Al Tamimi	200,000	2.00%
Munif Alamlah MajwAl Anzi	200,000	2.00%
Abdulwahab Saad Ayedh Dajam	200,000	2.00%
Musnad Hasher Sael Al Dosari	200,000	2.00%
Fahad Mohammed Hamad Al Sinan	200,000	2.00%
Sami Khaled Ahmed Derry	200,000	2.00%
Ali Abdullah Mohammed Al Shehri	200,000	2.00%
Rajeh Mohammed Rajeh Al Dosari	150,000	1.50%
Majid Abdullah Mohammed Al Ruqaie	150,000	1.50%
Saleh Sultan Mohammed Al Thunayan	115,000	1.15%
Mohammed Abdulaziz Abdulrahman Al Eid	100,000	1.00%
Hassan Oboud Mohammed As-sawat	100,000	1.00%
Mohammed Muteb Saree Al Qahtani	100,000	1.00%
Hazza Mansour Tami Al Mutairi	100,000	1.00%
Saleh Abdullah Mohammed Al Dakheel	100,000	1.00%
Hussain Abdulrahman Saeed Zaahib	100,000	1.00%
Monther Ihsan Abdullah Felimban	100,000	1.00%
Jamal Abdullah Mohammed Al Mofawaz	100,000	1.00%
Makhfoor Abdullah Ali Al Yami	100,000	1.00%
Fahaad Miah Muteb Al Anzi	100,000	1.00%
Sultan Mohammed Sultan Al Zahrani	100,000	1.00%
Ibrahim Hassan Zain Zarbatan	100,000	1.00%
Abdulmohsen Zayed Fheed Al Harthi	50,000	0.50%
Mohammed Abdulaziz Saud Al Ogaily	50,000	0.50%
Adel Abdulaziz Mohammed Al Daarmi	50,000	0.50%
Theeb Saad Ali Amer Al Salem	50,000	0.50%
Mohsen Ali Salim Al Omairi	50,000	0.50%
Khaled Abdulmohsen Mohammed Al Saif	50,000	0.50%
Khaled Abdulrahim Eid Al Zahrani	50,000	0.50%
Ali Saleh Mohammed Busbait	50,000	0.50%
Hamad Omar Hamad Al Rajhi	50,000	0.50%
Mohammed Dayfullah Ali Khawaji	40,000	0.40%
Khaled Abdullah Sulaiman Al Suwailami	30,000	0.30%
Khaled Mohammed Ibrahim Al Dehaimi	30,000	0.30%
Mohammed Abdulrahman Bakr Al Safi	20,000	0.20%
Mohamed Hamad Hajars Al Bahli	10,000	0.10%
Fahad Thunayan Baraka Al Thunayan	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

On 24 Sha'ban 1437H (corresponding to 31 May 2016G), Abdulmohsen Zayed Fheed Al Harthi assigned thirty-five thousand (35,000) Shares to Abdullah Zamil Mohammed Al Omar. The ownership of the Company after the transfer of Shares was as follows:

Table 4.8: The Ownership Structure of the Company as of 24 Sha'ban 1437H (corresponding to 31 May 2016G)

Shareholder	Number of Shares	Ownership Percentage (%) [1]
Fahad Ali Mohammed Al Mehedb	1,045,000	10.45%
Saad Nahar Baddah Al Mutairi	890,000	8.90%
Mohammed Abdullah Ahmed Al Basha	600,000	6.00%
Abdulrahman Rashid Mohammed Ammar	500,000	5.00%
Abdullah Zamil Mohammed Al Omar	495,000	4.95%
Muthker Heif Ali Al Haif	400,000	4.00%
Abdullah Mohammed Abdullah Al Medlej	400,000	4.00%
Saleh Abdulrahman Saleh Al Shridah	300,000	3.00%
Fahad Zwaid Melfi Al Mutairi	300,000	3.00%
Abdulrahman Zayed Abdullah Al Mahtab	300,000	3.00%
Ali Salem Arfaj Al Yami	300,000	3.00%
Abdulmohsen Mohammed Abdullah Bin Saedan	300,000	3.00%
Adel Mubarak Mohammed Al Dosari	200,000	2.00%
Mishari Kurdi Daibel Al Dhafiri	200,000	2.00%
Saad Mohammed Saad Al Dhahik	200,000	2.00%
Abdullah Ibrahim Abdulaziz AlMousa Al Tamimi	200,000	2.00%
Munif Alamlah MajwAl Anzi	200,000	2.00%
Abdulwahab Saad Ayedh Dajam	200,000	2.00%
Musnad Hasher Sael Al Dosari	200,000	2.00%
Fahad Mohammed Hamad Al Sinan	200,000	2.00%
Sami Khaled Ahmed Derry	200,000	2.00%
Ali Abdullah Mohammed Al Shehri	200,000	2.00%
Rajeh Mohammed Rajeh Al Dosari	150,000	1.50%
Majid Abdullah Mohammed Al Ruqaie	150,000	1.50%
Saleh Sultan Mohammed Al Thunayan	115,000	1.15%
Mohammed Abdulaziz Abdulrahman Al Eid	100,000	1.00%
Hassan Oboud Mohammed As-sawat	100,000	1.00%
Mohammed Muteb Saree Al Qahtani	100,000	1.00%
Hazza Mansour Tami Al Mutairi	100,000	1.00%
Saleh Abdullah Mohammed Al Dakheel	100,000	1.00%
Hussain Abdulrahman Saeed Zaahib	100,000	1.00%
Monther Ihsan Abdullah Felimban	100,000	1.00%
Jamal Abdullah Mohammed Al Mofawaz	100,000	1.00%
Makhfoor Abdullah Ali Al Yami	100,000	1.00%
Fahaad Miah Muteb Al Anzi	100,000	1.00%
Sultan Mohammed Sultan Al Zahrani	100,000	1.00%
Ibrahim Hassan Zain Zarbatan	100,000	1.00%
Mohammed Abdulaziz Saud Al Ogaily	50,000	0.50%
Adel Abdulaziz Mohammed Al Daarmi	50,000	0.50%
Theeb Saad Ali Amer Al Salem	50,000	0.50%
Mohsen Ali Salim Al Omairi	50,000	0.50%
Khaled Abdulmohsen Mohammed Al Saif	50,000	0.50%
Khaled Abdulrahim Eid Al Zahrani	50,000	0.50%

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Ali Saleh Mohammed Busbait	50,000	0.50%
Hamad Omar Hamad Al Rajhi	50,000	0.50%
Mohammed Dayfullah Ali Khawaji	40,000	0.40%
Khaled Abdullah Sulaiman Al Suwailami	30,000	0.30%
Khaled Mohammed Ibrahim Al Dehaimi	30,000	0.30%
Mohammed Abdulrahman Bakr Al Safi	20,000	0.20%
Abdulmohsen Zayed Fheed Al Harthi	15,000	0.15%
Mohamed Hamad Hajars Al Bahli	10,000	0.10%
Fahad Thunayan Baraka Al Thunayan	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

On 13 Safar 1438H (corresponding to 13 November 2016G), Khaled Mohammed Ibrahim Al Dehaimi assigned ten thousand (10,000) Shares to Abdullah Zamil Mohammed Al Omar. The ownership of the Company after the transfer of Shares was as follows:

Table 4.9: The Ownership Structure of the Company as of 13 Safar 1438H (corresponding to 13 November 2016G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Fahad Ali Mohammed Al Mehedb	1,045,000	10.45%
Saad Nahar Baddah Al Mutairi	890,000	8.90%
Mohammed Abdullah Ahmed Al Basha	600,000	6.00%
Abdullah Zamil Mohammed Al Omar	505,000	5.05%
Abdulrahman Rashid Mohammed Ammar	500,000	5.00%
Muthker Heif Ali Al Haif	400,000	4.00%
Abdullah Mohammed Abdullah Al Medlej	400,000	4.00%
Saleh Abdulrahman Saleh Al Shridah	300,000	3.00%
Fahad Zwaid Melfi Al Mutairi	300,000	3.00%
Abdulrahman Zayed Abdullah Al Mahtab	300,000	3.00%
Ali Salem Arfaj Al Yami	300,000	3.00%
Abdulmohsen Mohammed Abdullah Bin Saedan	300,000	3.00%
Adel Mubarak Mohammed Al Dosari	200,000	2.00%
Mishari Kurdi Daibel Al Dhafiri	200,000	2.00%
Saad Mohammed Saad Al Dhahik	200,000	2.00%
Abdullah Ibrahim Abdulaziz AlMousa Al Tamimi	200,000	2.00%
Munif Alamlah MajwAl Anzi	200,000	2.00%
Abdulwahab Saad Ayedh Dajam	200,000	2.00%
Musnad Hasher Sael Al Dosari	200,000	2.00%
Fahad Mohammed Hamad Al Sinan	200,000	2.00%
Sami Khaled Ahmed Derry	200,000	2.00%
Ali Abdullah Mohammed Al Shehri	200,000	2.00%
Rajeh Mohammed Rajeh Al Dosari	150,000	1.50%
Majid Abdullah Mohammed Al Ruqaie	150,000	1.50%
Saleh Sultan Mohammed Al Thunayan	115,000	1.15%
Mohammed Abdulaziz Abdulrahman Al Eid	100,000	1.00%
Hassan Oboud Mohammed As-sawat	100,000	1.00%
Mohammed Muteb Saree Al Qahtani	100,000	1.00%
Hazza Mansour Tami Al Mutairi	100,000	1.00%

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Saleh Abdullah Mohammed Al Dakheel	100,000	1.00%
Hussain Abdulrahman Saeed Zaahib	100,000	1.00%
Monther Ihsan Abdullah Felimban	100,000	1.00%
Jamal Abdullah Mohammed Al Mofawaz	100,000	1.00%
Makhfoor Abdullah Ali Al Yami	100,000	1.00%
Fahaad Miah Muteb Al Anzi	100,000	1.00%
Sultan Mohammed Sultan Al Zahrani	100,000	1.00%
Ibrahim Hassan Zain Zarbatan	100,000	1.00%
Mohammed Abdulaziz Saud Al Ogaily	50,000	0.50%
Adel Abdulaziz Mohammed Al Daarmi	50,000	0.50%
Theeb Saad Ali Amer Al Salem	50,000	0.50%
Mohsen Ali Salim Al Omairi	50,000	0.50%
Khaled Abdulmohsen Mohammed Al Saif	50,000	0.50%
Khaled Abdulrahim Eid Al Zahrani	50,000	0.50%
Ali Saleh Mohammed Busbait	50,000	0.50%
Hamad Omar Hamad Al Rajhi	50,000	0.50%
Mohammed Dayfullah Ali Khawaji	40,000	0.40%
Khaled Abdullah Sulaiman Al Suwailami	30,000	0.30%
Khaled Mohammed Ibrahim Al Dehaimi	20,000	0.20%
Mohammed Abdulrahman Bakr Al Safi	20,000	0.20%
Abdulmohsen Zayed Fheed Al Harthi	15,000	0.15%
Mohamed Hamad Hajars Al Bahli	10,000	0.10%
Fahad Thunayan Baraka Al Thunayan	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

On 5 Muharram 1439H (corresponding to 25 September 2017G), Mohammed Abdulaziz Saud Al Ogaily has assigned twenty thousand (20,000) Shares to Saad Nahar Badah Al Badah Al Mutairi. The ownership of the Company after the transfer of Shares was as follows:

Table 4.10: The Ownership Structure of the Company as of 5 Muharram 1439H (corresponding to 25 September 2017G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Fahad Ali Mohammed Al Mehedb	1,045,000	10.45%
Saad Nahar Baddah Al Mutairi	910,000	9.10%
Mohammed Abdullah Ahmed Al Basha	600,000	6.00%
Abdullah Zamil Mohammed Al Omar	505,000	5.05%
Abdulrahman Rashid Mohammed Ammar	500,000	5.00%
Muthker Heif Ali Al Haif	400,000	4.00%
Abdullah Mohammed Abdullah Al Medlej	400,000	4.00%
Saleh Abdulrahman Saleh Al Shridah	300,000	3.00%
Fahad Zwaid Melfi Al Mutairi	300,000	3.00%
Abdulrahman Zayed Abdullah Al Mahtab	300,000	3.00%
Ali Salem Arfaj Al Yami	300,000	3.00%
Abdulmohsen Mohammed Abdullah Bin Saedan	300,000	3.00%
Adel Mubarak Mohammed Al Dosari	200,000	2.00%
Mishari Kurdi Daibel Al Dhafiri	200,000	2.00%
Saad Mohammed Saad Al Dhahik	200,000	2.00%

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Abdullah Ibrahim Abdulaziz AlMousa Al Tamimi	200,000	2.00%
Munif Alamlah MajwAl Anzi	200,000	2.00%
Abdulwahab Saad Ayedh Dajam	200,000	2.00%
Musnad Hasher Sael Al Dosari	200,000	2.00%
Fahad Mohammed Hamad Al Sinan	200,000	2.00%
Sami Khaled Ahmed Derry	200,000	2.00%
Ali Abdullah Mohammed Al Shehri	200,000	2.00%
Rajeh Mohammed Rajeh Al Dosari	150,000	1.50%
Majid Abdullah Mohammed Al Ruqaie	150,000	1.50%
Saleh Sultan Mohammed Al Thunayan	115,000	1.15%
Mohammed Abdulaziz Abdulrahman Al Eid	100,000	1.00%
Hassan Oboud Mohammed As-sawat	100,000	1.00%
Mohammed Muteb Saree Al Qahtani	100,000	1.00%
Hazza Mansour Tami Al Mutairi	100,000	1.00%
Saleh Abdullah Mohammed Al Dakheel	100,000	1.00%
Hussain Abdulrahman Saeed Zaahib	100,000	1.00%
Monther Ihsan Abdullah Felimban	100,000	1.00%
Jamal Abdullah Mohammed Al Mofawaz	100,000	1.00%
Makhfoor Abdullah Ali Al Yami	100,000	1.00%
Fahaad Miah Muteb Al Anzi	100,000	1.00%
Sultan Mohammed Sultan Al Zahrani	100,000	1.00%
Ibrahim Hassan Zain Zarbatan	100,000	1.00%
Adel Abdulaziz Mohammed Al Daarmi	50,000	0.50%
Theeb Saad Ali Amer Al Salem	50,000	0.50%
Mohsen Ali Salim Al Omairi	50,000	0.50%
Khaled Abdulmohsen Mohammed Al Saif	50,000	0.50%
Khaled Abdulrahim Eid Al Zahrani	50,000	0.50%
Ali Saleh Mohammed Busbait	50,000	0.50%
Hamad Omar Hamad Al Rajhi	50,000	0.50%
Mohammed Dayfullah Ali Khawaji	40,000	0.40%
Mohammed Abdulaziz Saud Al Ogaily	30,000	0.30%
Khaled Abdullah Sulaiman Al Suwailami	30,000	0.30%
Khaled Mohammed Ibrahim Al Dehaimi	20,000	0.20%
Mohammed Abdulrahman Bakr Al Safi	20,000	0.20%
Abdulmohsen Zayed Fheed Al Harthi	15,000	0.15%
Mohamed Hamad Hajars Al Bahli	10,000	0.10%
Fahad Thunayan Baraka Al Thunayan	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

On 18 Ramadan 1439H (corresponding to 3 June 2018G), Fahad Thunayan Baraka Al Thunayan assigned ten thousand (10,000) Shares to Abdullah Zamil Mohammed Al Omar. The ownership of the Company after the transfer of Shares was as follows:

Table 4.11: The Ownership Structure of the Company as of 18 Ramadan 1439H (corresponding to 3 June 2018G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Fahad Ali Mohammed Al Mehedb	1,045,000	10.45%
Saad Nahar Baddah Al Mutairi	910,000	9.10%
Mohammed Abdullah Ahmed Al Basha	600,000	6.00%
Abdullah Zamil Mohammed Al Omar	515,000	5.15%
Abdulrahman Rashid Mohammed Ammar	500,000	5.00%
Muthker Heif Ali Al Haif	400,000	4.00%
Abdullah Mohammed Abdullah Al Medlej	400,000	4.00%
Saleh Abdulrahman Saleh Al Shridah	300,000	3.00%
Fahad Zwaid Melfi Al Mutairi	300,000	3.00%
Abdulrahman Zayed Abdullah Al Mahtab	300,000	3.00%
Ali Salem Arfaj Al Yami	300,000	3.00%
Abdulmohsen Mohammed Abdullah Bin Saedan	300,000	3.00%
Adel Mubarak Mohammed Al Dosari	200,000	2.00%
Mishari Kurdi Daibel Al Dhafiri	200,000	2.00%
Saad Mohammed Saad Al Dhahik	200,000	2.00%
Abdullah Ibrahim Abdulaziz AlMousa Al Tamimi	200,000	2.00%
Munif Alamlah MajwAl Anzi	200,000	2.00%
Abdulwahab Saad Ayedh Dajam	200,000	2.00%
Musnad Hasher Sael Al Dosari	200,000	2.00%
Fahad Mohammed Hamad Al Sinan	200,000	2.00%
Sami Khaled Ahmed Derry	200,000	2.00%
Ali Abdullah Mohammed Al Shehri	200,000	2.00%
Rajeh Mohammed Rajeh Al Dosari	150,000	1.50%
Majid Abdullah Mohammed Al Ruqaie	150,000	1.50%
Saleh Sultan Mohammed Al Thunayan	115,000	1.15%
Mohammed Abdulaziz Abdulrahman Al Eid	100,000	1.00%
Hassan Oboud Mohammed As-sawat	100,000	1.00%
Mohammed Muteb Saree Al Qahtani	100,000	1.00%
Hazza Mansour Tami Al Mutairi	100,000	1.00%
Saleh Abdullah Mohammed Al Dakheel	100,000	1.00%
Hussain Abdulrahman Saeed Zaahib	100,000	1.00%
Monther Ihsan Abdullah Felimban	100,000	1.00%
Jamal Abdullah Mohammed Al Mofawaz	100,000	1.00%
Makhfoor Abdullah Ali Al Yami	100,000	1.00%
Fahaad Miah Muteb Al Anzi	100,000	1.00%
Sultan Mohammed Sultan Al Zahrani	100,000	1.00%
Ibrahim Hassan Zain Zarbatan	100,000	1.00%
Adel Abdulaziz Mohammed Al Daarmi	50,000	0.50%
Theeb Saad Ali Amer Al Salem	50,000	0.50%
Mohsen Ali Salim Al Omairi	50,000	0.50%
Khaled Abdulmohsen Mohammed Al Saif	50,000	0.50%
Khaled Abdulrahim Eid Al Zahrani	50,000	0.50%
Ali Saleh Mohammed Busbait	50,000	0.50%

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Hamad Omar Hamad Al Rajhi	50,000	0.50%
Mohammed Dayfullah Ali Khawaji	40,000	0.40%
Mohammed Abdulaziz Saud Al Ogaily	30,000	0.30%
Khaled Abdullah Sulaiman Al Suwailami	30,000	0.30%
Khaled Mohammed Ibrahim Al Dehaimi	20,000	0.20%
Mohammed Abdulrahman Bakr Al Safi	20,000	0.20%
Abdulmohsen Zayed Fheed Al Harthi	15,000	0.15%
Mohamed Hamad Hajars Al Bahli	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

On 17 Shawwal 1439H (corresponding to 1 July 2018G), Mohammed Abdulaziz Saud Al Ogaily assigned thirty thousand (30,000) Shares to Abdullah Zamil Mohammed Al Omar. The ownership of the Company after the transfer of Shares was as follows:

Table 4.12: The Ownership Structure of the Company as of 17 Shawwal 1439H (corresponding to 1 July 2018G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Fahad Ali Mohammed Al Mehedb	1,045,000	10.45%
Saad Nahar Baddah Al Mutairi	910,000	9.10%
Mohammed Abdullah Ahmed Al Basha	600,000	6.00%
Abdullah Zamil Mohammed Al Omar	545,000	5.45%
Abdulrahman Rashid Mohammed Ammar	500,000	5.00%
Muthker Heif Ali Al Haif	400,000	4.00%
Abdullah Mohammed Abdullah Al Medlej	400,000	4.00%
Saleh Abdulrahman Saleh Al Shridah	300,000	3.00%
Fahad Zwaid Melfi Al Mutairi	300,000	3.00%
Abdulrahman Zayed Abdullah Al Mahtab	300,000	3.00%
Ali Salem Arfaj Al Yami	300,000	3.00%
Abdulmohsen Mohammed Abdullah Bin Saedan	300,000	3.00%
Adel Mubarak Mohammed Al Dosari	200,000	2.00%
Mishari Kurdi Daibel Al Dhafiri	200,000	2.00%
Saad Mohammed Saad Al Dhahik	200,000	2.00%
Abdullah Ibrahim Abdulaziz AlMousa Al Tamimi	200,000	2.00%
Munif Alamlah MajwAl Anzi	200,000	2.00%
Abdulwahab Saad Ayedh Dajam	200,000	2.00%
Musnad Hasher Sael Al Dosari	200,000	2.00%
Fahad Mohammed Hamad Al Sinan	200,000	2.00%
Sami Khaled Ahmed Derry	200,000	2.00%
Ali Abdullah Mohammed Al Shehri	200,000	2.00%
Rajeh Mohammed Rajeh Al Dosari	150,000	1.50%
Majid Abdullah Mohammed Al Ruqaie	150,000	1.50%
Saleh Sultan Mohammed Al Thunayan	115,000	1.15%
Mohammed Abdulaziz Abdulrahman Al Eid	100,000	1.00%
Hassan Oboud Mohammed As-sawat	100,000	1.00%
Mohammed Muteb Saree Al Qahtani	100,000	1.00%
Hazza Mansour Tami Al Mutairi	100,000	1.00%
Saleh Abdullah Mohammed Al Dakheel	100,000	1.00%

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Hussain Abdulrahman Saeed Zaahib	100,000	1.00%
Monther Ihsan Abdullah Felimban	100,000	1.00%
Jamal Abdullah Mohammed Al Mofawaz	100,000	1.00%
Makhfoor Abdullah Ali Al Yami	100,000	1.00%
Fahaad Miah Muteb Al Anzi	100,000	1.00%
Sultan Mohammed Sultan Al Zahrani	100,000	1.00%
Ibrahim Hassan Zain Zarbatan	100,000	1.00%
Adel Abdulaziz Mohammed Al Daarmi	50,000	0.50%
Theeb Saad Ali Amer Al Salem	50,000	0.50%
Mohsen Ali Salim Al Omairi	50,000	0.50%
Khaled Abdulmohsen Mohammed Al Saif	50,000	0.50%
Khaled Abdulrahim Eid AlZahrani	50,000	0.50%
Ali Saleh Mohammed Busbait	50,000	0.50%
Hamad Omar Hamad Al Rajhi	50,000	0.50%
Mohammed Dayfullah Ali Khawaji	40,000	0.40%
Khaled Abdullah Sulaiman Al Suwailami	30,000	0.30%
Khaled Mohammed Ibrahim Al Dehaimi	20,000	0.20%
Mohammed Abdulrahman Bakr Al Safi	20,000	0.20%
Abdulmohsen Zayed Fheed Al Harthi	15,000	0.15%
Mohamed Hamad Hajars Al Bahli	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

On 27 Muharram 1440H (corresponding to 7 October 2018G), Abdulmohsen Mohammed Abdullah Bin Saedan assigned one hundred thousand (100,000) Shares to Abdullah Zamil Mohammed Al Omar. The ownership of the Company after the transfer of Shares was as follows:

Table 4.13: The Ownership Structure of the Company as of 27 Muharram 1440H (corresponding to 7 October 2018G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Fahad Ali Mohammed Al Mehedb	1,045,000	10.45%
Saad Nahar Baddah Al Mutairi	910,000	9.10%
Abdullah Zamil Mohammed Al Omar	645,000	6.45%
Mohammed Abdullah Ahmed Al Basha	600,000	6.00%
Abdulrahman Rashid Mohammed Ammar	500,000	5.00%
Muthker Heif Ali Al Haif	400,000	4.00%
Abdullah Mohammed Abdullah Al Medlej	400,000	4.00%
Saleh Abdulrahman Saleh Al Shridah	300,000	3.00%
Fahad Zwaid Melfi Al Mutairi	300,000	3.00%
Abdulrahman Zayed Abdullah Al Mahtab	300,000	3.00%
Ali Salem Arfaj Al Yami	300,000	3.00%
Abdulmohsen Mohammed Abdullah Bin Saedan	200,000	2.00%
Adel Mubarak Mohammed Al Dosari	200,000	2.00%
Mishari Kurdi Daibel Al Dhafiri	200,000	2.00%
Saad Mohammed Saad Al Dhahik	200,000	2.00%
Abdullah Ibrahim Abdulaziz AlMousa Al Tamimi	200,000	2.00%

Shareholder	Number of Shares	Ownership Percentage (%) [1]
Munif Alamlah MajwAl Anzi	200,000	2.00%
Abdulwahab Saad Ayedh Dajam	200,000	2.00%
Musnad Hasher Sael Al Dosari	200,000	2.00%
Fahad Mohammed Hamad Al Sinan	200,000	2.00%
Sami Khaled Ahmed Derry	200,000	2.00%
Ali Abdullah Mohammed Al Shehri	200,000	2.00%
Rajeh Mohammed Rajeh Al Dosari	150,000	1.50%
Majid Abdullah Mohammed Al Ruqaie	150,000	1.50%
Saleh Sultan Mohammed Al Thunayan	115,000	1.15%
Mohammed Abdulaziz Abdulrahman Al Eid	100,000	1.00%
Hassan Oboud Mohammed As-sawat	100,000	1.00%
Mohammed Muteb Saree Al Qahtani	100,000	1.00%
Hazza Mansour Tami Al Mutairi	100,000	1.00%
Saleh Abdullah Mohammed Al Dakheel	100,000	1.00%
Hussain Abdulrahman Saeed Zaahib	100,000	1.00%
Monther Ihsan Abdullah Felimban	100,000	1.00%
Jamal Abdullah Mohammed Al Mofawaz	100,000	1.00%
Makhfoor Abdullah Ali Al Yami	100,000	1.00%
Fahaad Miah Muteb Al Anzi	100,000	1.00%
Sultan Mohammed Sultan Al Zahrani	100,000	1.00%
Ibrahim Hassan Zain Zarbatan	100,000	1.00%
Adel Abdulaziz Mohammed Al Daarmi	50,000	0.50%
Theeb Saad Ali Amer Al Salem	50,000	0.50%
Mohsen Ali Salim Al Omairi	50,000	0.50%
Khaled Abdulmohsen Mohammed Al Saif	50,000	0.50%
Khaled Abdulrahim Eid Al Zahrani	50,000	0.50%
Ali Saleh Mohammed Busbait	50,000	0.50%
Hamad Omar Hamad Al Rajhi	50,000	0.50%
Mohammed Dayfullah Ali Khawaji	40,000	0.40%
Khaled Abdullah Sulaiman Al Suwailami	30,000	0.30%
Khaled Mohammed Ibrahim Al Dehaimi	20,000	0.20%
Mohammed Abdulrahman Bakr Al Safi	20,000	0.20%
Abdulmohsen Zayed Fheed Al Harthi	15,000	0.15%
Mohamed Hamad Hajars Al Bahli	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

On 8 Safar 1440H (corresponding to 17 October 2018G), Abdulmohsen Mohammed Abdullah Bin Saedan assigned two hundred thousand (200,000) Shares to Abdullah Zamil Mohammed Al Omar. The ownership of the Company after the transfer of Shares was as follows:

Table 4.14: The Ownership Structure of the Company as of 8 Safar 1440H (corresponding to 17 October 2018G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Fahad Ali Mohammed Al Mehedb	1,045,000	10.45%
Saad Nahar Baddah Al Mutairi	910,000	9.10%
Abdullah Zamil Mohammed Al Omar	845,000	8.45%
Mohammed Abdullah Ahmed Al Basha	600,000	6.00%
Abdulrahman Rashid Mohammed Ammar	500,000	5.00%
Muthker Heif Ali Al Haif	400,000	4.00%
Abdullah Mohammed Abdullah Al Medlej	400,000	4.00%
Saleh Abdulrahman Saleh Al Shridah	300,000	3.00%
Fahad Zwaid Melfi Al Mutairi	300,000	3.00%
Abdulrahman Zayed Abdullah Al Mahtab	300,000	3.00%
Ali Salem Arfaj Al Yami	300,000	3.00%
Adel Mubarak Mohammed Al Dosari	200,000	2.00%
Mishari Kurdi Daibel Al Dhafiri	200,000	2.00%
Saad Mohammed Saad Al Dhahik	200,000	2.00%
Abdullah Ibrahim Abdulaziz AlMousa Al Tamimi	200,000	2.00%
Munif Alamlah MajwAl Anzi	200,000	2.00%
Abdulwahab Saad Ayedh Dajam	200,000	2.00%
Musnad Hasher Sael Al Dosari	200,000	2.00%
Fahad Mohammed Hamad Al Sinan	200,000	2.00%
Sami Khaled Ahmed Derry	200,000	2.00%
Ali Abdullah Mohammed Al Shehri	200,000	2.00%
Rajeh Mohammed Rajeh Al Dosari	150,000	1.50%
Majid Abdullah Mohammed Al Ruqaie	150,000	1.50%
Saleh Sultan Mohammed Al Thunayan	115,000	1.15%
Mohammed Abdulaziz Abdulrahman Al Eid	100,000	1.00%
Hassan Oboud Mohammed As-sawat	100,000	1.00%
Mohammed Muteb Saree Al Qahtani	100,000	1.00%
Hazza Mansour Tami Al Mutairi	100,000	1.00%
Saleh Abdullah Mohammed Al Dakheel	100,000	1.00%
Hussain Abdulrahman Saeed Zaahib	100,000	1.00%
Monther Ihsan Abdullah Felimban	100,000	1.00%
Jamal Abdullah Mohammed Al Mofawaz	100,000	1.00%
Makhfoor Abdullah Ali Al Yami	100,000	1.00%
Fahaad Miah Muteb Al Anzi	100,000	1.00%
Sultan Mohammed Sultan Al Zahrani	100,000	1.00%
Ibrahim Hassan Zain Zarbatan	100,000	1.00%
Adel Abdulaziz Mohammed Al Daarmi	50,000	0.50%
Theeb Saad Ali Amer Al Salem	50,000	0.50%
Mohsen Ali Salim Al Omairi	50,000	0.50%
Khaled Abdulmohsen Mohammed Al Saif	50,000	0.50%
Khaled Abdulrahim Eid Al Zahrani	50,000	0.50%
Ali Saleh Mohammed Busbait	50,000	0.50%

Shareholder	Number of Shares	Ownership Percentage (%) [1]
Hamad Omar Hamad Al Rajhi	50,000	0.50%
Mohammed Dayfullah Ali Khawaji	40,000	0.40%
Khaled Abdullah Sulaiman Al Suwailami	30,000	0.30%
Khaled Mohammed Ibrahim Al Dehaimi	20,000	0.20%
Mohammed Abdulrahman Bakr Al Safi	20,000	0.20%
Abdulmohsen Zayed Fheed Al Harthi	15,000	0.15%
Mohamed Hamad Hajars Al Bahli	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

On 16 Muharram 1441H (corresponding to 15 September 2019G), Khaled Abdullah Sulaiman Al Swailmy assigned thirty thousand (30,000) Shares to Jamal Abdullah Mohammed Al Mofawaz. The ownership of the Company after the transfer of Shares was as follows:

Table 4.15: The Ownership Structure of the Company as of 16 Muharram 1441H (corresponding to 15 September 2019G)

Shareholder	Number of Shares	Ownership Percentage (%) [1]
Fahad Ali Mohammed Al Mehedb	1,045,000	10.45%
Saad Nahar Baddah Al Mutairi	910,000	9.10%
Abdullah Zamil Mohammed Al Omar	845,000	8.45%
Mohammed Abdullah Ahmed Al Basha	600,000	6.00%
Abdulrahman Rashid Mohammed Ammar	500,000	5.00%
Muthker Heif Ali Al Haif	400,000	4.00%
Abdullah Mohammed Abdullah Al Medlej	400,000	4.00%
Saleh Abdulrahman Saleh Al Shridah	300,000	3.00%
Fahad Zwaid Melfi Al Mutairi	300,000	3.00%
Abdulrahman Zayed Abdullah Al Mahtab	300,000	3.00%
Ali Salem Arfaj Al Yami	300,000	3.00%
Adel Mubarak Mohammed Al Dosari	200,000	2.00%
Mishari Kurdi Daibel Al Dhafiri	200,000	2.00%
Saad Mohammed Saad Al Dhahik	200,000	2.00%
Abdullah Ibrahim Abdulaziz AlMousa Al Tamimi	200,000	2.00%
Munif Alamlah MajwAl Anzi	200,000	2.00%
Abdulwahab Saad Ayedh Dajam	200,000	2.00%
Musnad Hasher Sael Al Dosari	200,000	2.00%
Fahad Mohammed Hamad Al Sinan	200,000	2.00%
Sami Khaled Ahmed Derry	200,000	2.00%
Ali Abdullah Mohammed Al Shehri	200,000	2.00%
Rajeh Mohammed Rajeh Al Dosari	150,000	1.50%
Majid Abdullah Mohammed Al Ruqaie	150,000	1.50%
Jamal Abdullah Mohammed Al Mofawaz	130,000	1.30%
Saleh Sultan Mohammed Al Thunayan	115,000	1.15%
Mohammed Abdulaziz Abdulrahman Al Eid	100,000	1.00%
Hassan Oboud Mohammed As-sawat	100,000	1.00%
Mohammed Muteb Saree Al Qahtani	100,000	1.00%
Hazza Mansour Tami Al Mutairi	100,000	1.00%
Saleh Abdullah Mohammed Al Dakheel	100,000	1.00%
Hussain Abdulrahman Saeed Zaahib	100,000	1.00%

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Monther Ihsan Abdullah Felimban	100,000	1.00%
Makhfoor Abdullah Ali Al Yami	100,000	1.00%
Fahaad Miah Muteb Al Anzi	100,000	1.00%
Sultan Mohammed Sultan Al Zahrani	100,000	1.00%
Ibrahim Hassan Zain Zarbatan	100,000	1.00%
Adel Abdulaziz Mohammed Al Daarmi	50,000	0.50%
Theeb Saad Ali Amer Al Salem	50,000	0.50%
Mohsen Ali Salim Al Omairi	50,000	0.50%
Khaled Abdulmohsen Mohammed Al Saif	50,000	0.50%
Khaled Abdulrahim Eid Al Zahrani	50,000	0.50%
Ali Saleh Mohammed Busbait	50,000	0.50%
Hamad Omar Hamad Al Rajhi	50,000	0.50%
Mohammed Dayfullah Ali Khawaji	40,000	0.40%
Khaled Mohammed Ibrahim Al Dehaimi	20,000	0.20%
Mohammed Abdulrahman Bakr Al Safi	20,000	0.20%
Abdulmohsen Zayed Fheed Al Harthi	15,000	0.15%
Mohamed Hamad Hajars Al Bahli	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

Pursuant to the General Assembly resolution dated 22 Rabi' al-Thani 1441H (corresponding to 19 December 2019G), the Company's capital was 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 three hundred million Saudi Arabian Riyals (SAR 300,000,000) divided into thirty million (30,000,000) Shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share. This increase was achieved through the capitalisation of two hundred million Saudi Arabian Riyals (SAR 200,000,000) from retained earnings. The ownership of the Company after the capital increase was as follows:

Table 4.16: The Ownership Structure of the Company as of 22 Rabi' al-Thani 1441H (corresponding to 19 December 2019G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Fahad Ali Mohammed Al Mehedb	3,135,000	10.45%
Saad Nahar Baddah Al Mutairi	2,730,000	9.10%
Abdullah Zamil Mohammed Al Omar	2,535,000	8.45%
Mohammed Abdullah Ahmed Al Basha	1,800,000	6.00%
Abdulrahman Rashid Mohammed Ammar	1,500,000	5.00%
Muthker Heif Ali Al Haif	1,200,000	4.00%
Abdullah Mohammed Abdullah Al Medlej	1,200,000	4.00%
Saleh Abdulrahman Saleh Al Shridah	900,000	3.00%
Fahad Zwaid Melfi Al Mutairi	900,000	3.00%
Abdulrahman Zayed Abdullah Al Mahtab	900,000	3.00%
Ali Salem Arfaj Al Yami	900,000	3.00%
Adel Mubarak Mohammed Al Dosari	600,000	2.00%
Mishari Kurdi Daibel Al Dhafiri	600,000	2.00%
Saad Mohammed Saad Al Dhahik	600,000	2.00%

Shareholder	Number of Shares	Ownership Percentage (%) [1]
Abdullah Ibrahim Abdulaziz AlMousa Al Tamimi	600,000	2.00%
Munif Alamlah MajwAl Anzi	600,000	2.00%
Abdulwahab Saad Ayedh Dajam	600,000	2.00%
Musnad Hasher Sael Al Dosari	600,000	2.00%
Fahad Mohammed Hamad Al Sinan	600,000	2.00%
Sami Khaled Ahmed Derry	600,000	2.00%
Ali Abdullah Mohammed Al Shehri	600,000	2.00%
Rajeh Mohammed Rajeh Al Dosari	450,000	1.50%
Majid Abdullah Mohammed Al Ruqaie	450,000	1.50%
Jamal Abdullah Mohammed Al Mofawaz	390,000	1.30%
Saleh Sultan Mohammed Al Thunayan	345,000	1.15%
Mohammed Abdulaziz Abdulrahman Al Eid	300,000	1.00%
Hassan Oboud Mohammed As-sawat	300,000	1.00%
Mohammed Muteb Saree Al Qahtani	300,000	1.00%
Hazza Mansour Tami Al Mutairi	300,000	1.00%
Saleh Abdullah Mohammed Al Dakheel	300,000	1.00%
Hussain Abdulrahman Saeed Zaahib	300,000	1.00%
Monther Ihsan Abdullah Felimban	300,000	1.00%
Makhfoor Abdullah Ali Al Yami	300,000	1.00%
Fahaad Miah Muteb Al Anzi	300,000	1.00%
Sultan Mohammed Sultan Al Zahrani	300,000	1.00%
Ibrahim Hassan Zain Zarbatan	300,000	1.00%
Adel Abdulaziz Mohammed Al Daarmi	150,000	0.50%
Theeb Saad Ali Amer al Salem	150,000	0.50%
Mohsen Ali Salim Al Omairi	150,000	0.50%
Khaled Abdulmohsen Mohammed Al Saif	150,000	0.50%
Khaled Abdulrahim Eid Al Zahrani	150,000	0.50%
Ali Saleh Mohammed Busbait	150,000	0.50%
Hamad Omar Hamad Al Rajhi	150,000	0.50%
Mohammed Dayfullah Ali Khawaji	120,000	0.40%
Khaled Mohammed Ibrahim Al Dehaimi	60,000	0.20%
Mohammed Abdulrahman Bakr Al Safi	60,000	0.20%
Abdulmohsen Zayed Fheed Al Harthi	45,000	0.15%
Mohamed Hamad Hajars Al Bahli	30,000	0.10%
Total	**30,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

Pursuant to the General Assembly resolution dated 29 Rabi' al-Awwal 1442H (corresponding to 15 November 2020G), the Company's capital was increased from three hundred million Saudi Arabian Riyals (SAR 300,000,000) divided into thirty million (30,000,000) Shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share to four hundred million Saudi Arabian Riyals (SAR 400,000,000) divided into forty million (40,000,000) Shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share. This increase was achieved through the capitalisation of a hundred million Saudi Arabian Riyals (SAR 100,000,000) from retained earnings. The ownership of the Company after the capital increase was as follows:

Table 4.17: The Ownership Structure of the Company as of 29 Rabi' al-Awwal 1442H (corresponding to 15 November 2020G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Fahad Ali Mohammed Al Mehedb	4,180,000	10.45%
Saad Nahar Baddah Al Mutairi	3,640,000	9.10%
Abdullah Zamil Mohammed Al Omar	3,380,000	8.45%
Mohammed Abdullah Ahmed Al Basha	2,400,000	6.00%
Abdulrahman Rashid Mohammed Ammar	2,000,000	5.00%
Muthker Heif Ali Al Haif	1,600,000	4.00%
Abdullah Mohammed Abdullah Al Medlej	1,600,000	4.00%
Saleh Abdulrahman Saleh Al Shridah	1,200,000	3.00%
Fahad Zwaid Melfi Al Mutairi	1,200,000	3.00%
Abdulrahman Zayed Abdullah Al Mahtab	1,200,000	3.00%
Ali Salem Arfaj Al Yami	1,200,000	3.00%
Adel Mubarak Mohammed Al Dosari	800,000	2.00%
Mishari Kurdi Daibel Al Dhafiri	800,000	2.00%
Saad Mohammed Saad Al Dhahik	800,000	2.00%
Abdullah Ibrahim Abdulaziz AlMousa Al Tamimi	800,000	2.00%
Munif Alamlah MajwAl Anzi	800,000	2.00%
Abdulwahab Saad Ayedh Dajam	800,000	2.00%
Musnad Hasher Sael Al Dosari	800,000	2.00%
Fahad Mohammed Hamad Al Sinan	800,000	2.00%
Sami Khaled Ahmed Derry	800,000	2.00%
Ali Abdullah Mohammed Al Shehri	800,000	2.00%
Rajeh Mohammed Rajeh Al Dosari	600,000	1.50%
Majid Abdullah Mohammed Al Ruqaie	600,000	1.50%
Jamal Abdullah Mohammed Al Mofawaz	520,000	1.30%
Saleh Sultan Mohammed Al Thunayan	460,000	1.15%
Mohammed Abdulaziz Abdulrahman Al Eid	400,000	1.00%
Hassan Oboud Mohammed As-sawat	400,000	1.00%
Mohammed Muteb Saree AlQahtani	400,000	1.00%
Hazza Mansour Tami Al Mutairi	400,000	1.00%
Saleh Abdullah Mohammed Al Dakheel	400,000	1.00%
Hussain Abdulrahman Saeed Zaahib	400,000	1.00%
Monther Ihsan Abdullah Felimban	400,000	1.00%
Makhfoor Abdullah Ali Al Yami	400,000	1.00%
Fahaad Miah Muteb Al Anzi	400,000	1.00%
Sultan Mohammed Sultan Al Zahrani	400,000	1.00%
Ibrahim Hassan Zain Zarbatan	400,000	1.00%
Adel Abdulaziz Mohammed Al Daarmi	200,000	0.50%
Theeb Saad Ali Amer Al Salem	200,000	0.50%
Mohsen Ali Salim Al Omairi	200,000	0.50%

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Khaled Abdulmohsen Mohammed Al Saif	200,000	0.50%
Khaled Abdulrahim Eid Al Zahrani	200,000	0.50%
Ali Saleh Mohammed Busbait	200,000	0.50%
Hamad Omar Hamad Al Rajhi	200,000	0.50%
Mohammed Dayfullah Ali Khawaji	160,000	0.40%
Khaled Mohammed Ibrahim Al Dehaimi	80,000	0.20%
Mohammed Abdulrahman Bakr Al Safi	80,000	0.20%
Abdulmohsen Zayed Fheed Al Harthi	60,000	0.15%
Mohamed Hamad Hajars Al Bahli	40,000	0.10%
Total	**40,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

On 29 Jumada al-Akhirah 1443H (corresponding to 1 January 2022G), all of the Company's Shareholders assigned their Shares, which amounted to forty million (40,000,000) shares in total, to Al Holoul Al Mutakamela Holding Company. The ownership of the Company after the transfer of Shares was as follows:

Table 4.18: The Ownership Structure of the Company as of 29 Jumada al-Akhirah 1443H (corresponding to 1 January 2022G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Al Holoul Al Mutakamela Holding Company	40,000,000	100.00%
Total	**40,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

On 27 Thul-Hijjah 1443H (corresponding to 26 July 2022G), Al Holoul Al Mutakamela Holding Company assigned five hundred thousand (500,000) Shares to Sulaiman Ibrahim Al Sabti, six hundred thousand (600,000) Shares to Abdullah Amer Munif Al Nahdi, one million and two hundred thousand (1,200,000) Shares to Abdullah Nasser Abdullah Al Dawood, five hundred thousand (500,000) Shares to Abdulaziz Abdulrahman Mohammed Al Omran, one hundred and twenty-five thousand (125,000) Shares to Etihad Noorah Investment Company Limited, three million (3,000,000) Shares to Rafid Advanced Investment Company, four million (4,000,000) Shares to Mohammed Abdulaziz Al Habib and Sons Holding Company, five hundred thousand (500,000) Shares to Al Mojel Trading and Contracting Company, five hundred thousand (500,000) Shares to Nawat Real Estate Investment Company, and one hundred and twenty-five thousand (125,000) Shares to Norah Al Malahi Endowments. The ownership of the Company after the transfer of Shares was as follows:

Table 4.19: The Ownership Structure of the Company as of 29 Thul-Hijjah 1443H (corresponding to 26 July 2022G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Al Holoul Al Mutakamela Holding Company	28,950,000	72.38%
Mohammed Abdulaziz Al Habib and Sons Holding Company	4,000,000	10.00%
Rafid Advanced Investment Company	3,000,000	7.50%
Abdullah Nasser Abdullah Al Dawood	1,200,000	3.00%
Abdullah Amer Munif Al Nahdi	600,000	1.50%
Abdulaziz Abdulrahman Mohammed Al Omran	500,000	1.25%
Al Mojel Trading and Contracting Company	500,000	1.25%
Mohammed Sulaiman Ibrahim Al Sabti	500,000	1.25%
Nawat Real Estate Investment Company	500,000	1.25%
Etihad Noorah Investment Company	125,000	0.31%
Norah Al Malahi Endowments	125,000	0.31%
Total	**40,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

On 18 Muharram 1444H (corresponding to 16 August 2022G), Al Holoul Al Mutakamela Holding Company assigned two hundred thousand (200,000) Shares to Majed Abdullah Hamad Al Hoqail, five hundred thousand (500,000) Shares to Tareq Othman Abdullah Al Kasabi, fifty thousand (50,000) Shares to Ahmad Yousef Mohammed Salah Jamjoom, and two hundred thousand (200,000) Shares to Al Jazeel Arabian Holding Company. In addition, Mohammed Abdulaziz Al Habib and Sons Holding Company assigned two million (2,000,000) Shares to Maalem Al Masa Real Estate Company. The ownership of the Company after the transfer of Shares was as follows:

Table 4.20: The Ownership Structure of the Company as of 18 Muharram 1444H (corresponding to 16 August 2022G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Al Holoul Al Mutakamela Holding Company	28,000,000	70.00%
Rafid Advanced Investment Company	3,000,000	7.50%
Mohammed Abdulaziz Al Habib and Sons Holding Company	2,000,000	5.00%
Maalem Al Masa Real Estate Company	2,000,000	5.00%
Abdullah Nasser Abdullah Al Dawood	1,200,000	3.00%
Abdullah Amer Munif Al Nahdi	600,000	1.50%
Abdulaziz Abdulrahman Mohammed Al Omran	500,000	1.25%
Al Mojel Trading and Contracting Company	500,000	1.25%
Mohammed Sulaiman Ibrahim Al Sabti	500,000	1.25%
Tareq Othman Abdullah Al Kasabi	500,000	1.25%
Nawat Real Estate Investment Company	500,000	1.25%
Al Jazeel Arabian Holding Company	200,000	0.50%
Majed Abdullah Hamad Al Hoqail	200,000	0.50%
Etihad Noorah Investment Company	125,000	0.31%
Norah Al Malahi Endowments	125,000	0.31%
Ahmad Yousef Mohammed Salah Jamjoom	50,000	0.13%
Total	**40,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

Pursuant to the General Assembly's resolution dated 9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G), each share was split into ten Shares of equal value, resulting in a total of four hundred million (400,000,000) fully paid ordinary Shares with a nominal value of one Saudi Riyal (SAR 1) each. The ownership of the Company after the Share-split was as follows:

Table 4.21: The Ownership Structure of the Company as of 9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Al Holoul Al Mutakamela Holding Company	280,000,000	70.00%
Rafid Advanced Investment Company	30,000,000	7.50%
Mohammed Abdulaziz Al Habib and Sons Holding Company	20,000,000	5.00%
Maalem Al Masa Real Estate Company	20,000,000	5.00%
Abdullah Nasser Abdullah Al Dawood	12,000,000	3.00%
Abdullah Amer Munif Al Nahdi	6,000,000	1.50%
Abdulaziz Abdulrahman Mohammed Al Omran	5,000,000	1.25%
Al Mojel Trading and Contracting Company	5,000,000	1.25%
Mohammed Sulaiman Ibrahim Al Sabti	5,000,000	1.25%

Shareholder	Number of Shares	Ownership Percentage (%) [1]
Tareq Othman Abdullah Al Kasabi	5,000,000	1.25%
Nawat Real Estate Investment Company	5,000,000	1.25%
Al Jazeel Arabian Holding Company	2,000,000	0.50%
Majed Abdullah Hamad Al Hoqail	2,000,000	0.50%
Etihad Noorah Investment Company	1,250,000	0.31%
Norah Al Malahi Endowments	1,250,000	0.31%
Ahmad Yousef Mohammed Salah Jamjoom	500,000	0.13%
Total	**400,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

4.6 The Company's Key Historical Changes

The key historical changes and events are summarised as follows:

Table 4.22: Key Historical Changes and Events

Date	The Change
2012G	• The Company was established as a closed joint stock company, with a share capital of one hundred million Saudi Arabian Riyals (SAR 100,000,000), as the first licensed manpower company in the Kingdom. • The arrival of the first manpower batch (individual and corporate segments) and the commencement of contracting with Individual and Corporate sectors clients.
2013G	• Opening the Company's first branch in the central region. • The completion of the first stage of the Enterprise Resources Planning system (ERP).
2014G	• Launching Raha service to provide home services on an hourly basis, being the first company in the Kingdom to provide such service.
2015G	• Commencement of audit and risk management for the internal monitoring system. • Activating the corporate performance management system. • Establishing the Strategy and Transformation Department.
2016G	• The completion of the second stage development of the Enterprise Resources Planning system. • Launching "Raha" application, enabling individual clients to use the hourly home services. • Launching the Company's first strategy for the years 2016G to 2020G.
2017G	• Receiving the ISO 9001 Certificate for quality management system. • Registering the Company's trademarks in the Middle East. • Activating Major Clients Department, a major petrochemical company utilised the Company as one of its main manpower providers.
2018G	• Recruited manpower total number reached 93,000 workers for males and females. • Expanding Raha Hourly basis service to cover 47 cities and provinces across the Kingdom. • Accomplishing 5 stars rate from TISSE for services excellence. • Receiving Guinness World Records certificate for holding "The Largest House Cleaning Lesson".
2019G	• Expanding Raha Hourly basis service to cover 55 cities and governorates across the Kingdom. • Establishing the Subsidiary, SLSC. • Increasing the Company's capital from one hundred million Saudi Arabian Riyals (SAR 100,000,000) to three hundred million Saudi Arabian Riyals (SAR 300,000,000).
2020G	• Recruited manpower total number reached 120,000 workers for males and females. • Increasing the Company's capital from three hundred million Saudi Arabian Riyals (SAR 300,000,000) to four hundred million Saudi Arabian Riyals (SAR 400,000,000). • Providing the availability to order home services for resident manpower through the application, as the first company to provide such service in the Kingdom. • Launching the third stage of the Enterprise Resources Planning system by fully transforming to the cloud system (Dynamics 365).

Date	The Change
2021G	• The completion of the first stage and starting the second stage of building manpower housing in the Central Region. • Transfer of the Company's ownership in Saudi Facilities Management Company (Saudi Marafiq) and Saudi Medical Services Company (Adeed) to Al Holoul Al Mutakamela Holding Company. • Launching the Company's second strategy for the years 2021G and 2026G.
2022G	• Establishing the Group's investment arm, Saneem. • Acquiring 100 per cent. of the share capital of Terhab. • Acquiring 100 per cent. of the share capital of Romoz. • Recruited manpower total number reached 151,100 workers for males and females. • Transfer of the Company's ownership in Esnad for Building & Housing Cleaning Services Company and Areeb Human Resources Company to Al Holoul Al Mutakamela Holding Company.
2023G	• Launching Ruwad Al A'mal application to serve small and medium enterprises. • Each of the Company's Shares were split into ten Shares of equal value, resulting in a total of four hundred million (400,000,000) Shares.

Source: The Company.

The Company carried out a number of transactions (as set out below) to transfer its ownership interest in its Subsidiaries at their book value:

- in 2021G, the Company's ownership interests in Terhab, Romoz, Saudi Facilities Management Company (Saudi Marafiq) and Saudi Medical Services Company (Adeed) were transferred to Al Holoul Al Mutakamela Holding Company; and
- in 2022G, Al Holoul Al Mutakamela Holding Company retransferred ownership interests in Terhab and Romoz back to the Company. In addition, the Company's ownership interest in Esnad for Building & Housing Cleaning Services Company and Areeb Human Resources Company were transferred to Al Holoul Al Mutakamela Holding Company.

The Company has implemented the abovementioned transactions to comply with the Recruitment Rules, which were amended in 2021G, to include provisions that prohibited companies licensed by the MHRSD from practicing any activity other than the provision of professional labour services. The Recruitment Rules also provided that companies licensed by the MHRSD are prohibited from trading in real estate and engaging in wholesale or retail trading. Accordingly, the Company's Shareholders at the time established Al Holoul Al Mutakamela Holding Company and transferred all of their Shares in the Company to it, and the real estate owned by the Company (along with the Company's ownership interests in some of its Subsidiaries) were transferred to Al Holoul Al Mutakamela Holding Company. For further details about the ownership of the Company before the incorporation of Al Holoul Al Mutakamela Holding Company, see table 4.17 (*The Ownership Structure of the Company as of 29 Rabi' al-Awwal 1442H (corresponding to 15 November 2020G)*). For more details about the Company's current Subsidiaries, see Section 4.7 (*Subsidiaries*) below.

4.7 Subsidiaries

The Company directly and indirectly owns shares in four Subsidiaries which are located inside the Kingdom and one Subsidiary outside the Kingdom. The following chart sets out the structure of the Group:

Table 4.23: The Company's Direct and Indirect Ownership in its Subsidiaries Structure as of the Date of this Prospectus

Subsidiary	Company's Direct Ownership (%)	Company's Indirect Ownership (%)	Remaining Ownership
Saudi Logistic Services Company Limited	100.00%	-	-
Terhab Customer Experience Company	100.00%	-	-
Saneem Investment Company	100.00%	-	-
Romoz Development for Communications and Information Technology Company (1)	100.00%	-	-
Businesses Solutions Centre Private Limited Company (2)	-	100.00%	-

Source: The Company.

(1) Liquidation procedures has begun and employees were transferred to the Company.

(2) Company under liquidation.

The following table sets out the revenue details for each of the Company's current and former Subsidiaries and the contribution of their sales percentages of the Group's total revenue:

Table 4.24: Current and Former Subsidiaries' Revenue Details and the Contribution of their Sales Percentages of the Group's Total Revenue

Entity	Total Revenue (Thousand SAR)					Contribution to Group's Revenue (%)				
	Financial Year Ended 31 December			Nine-Month Period Ended 30 September		Financial Year Ended 31 December			Nine-Month Period Ended 30 September	
	2020G	2021G	2022G	2022G	2023G	2020G	2021G	2022G	2022G	2023G
The Company	1,817,545	1,706.398	1,830.526	1,361.756	1,363.340	100.1%	99.45%	99.49%	99.94%	99.74%
Saudi Logistic Services Company Limited	-	7.390	103.870	78.123	58.961	-	0.43%	5.65%	5.73%	4.31%
Terhab Customer Experience Company	617	-	17.877	12.288	12.002	0.3%	-	0.97%	0.90%	0.88%
Saneem Investment Company (1)	-	-	-	-	-	-	-	-	-	-
Romoz Development for Communications and Information Technology Company (2)	-	-	20.031	12.926	-	-	-	1.09%	0.95%	-
Businesses Solutions Centre Private Limited Company (3)	-	-	945	402	-	-	-	0.05%	0.03%	-
Areeb Human Resources Company	-	-	-	1.268	-	-	-	-	0.9%	-
Saudi Facilities Management Company (Saudi Marafiq) (4)	47.857	-	-	-	-	2.63%	-	-	-	-
Esnad for Building & Housing Cleaning Services Company (4)	-	7.329	-	4.782	-	-	0.43%	-	0.35%	-
Saudi Medical Services Company (4)	35.963	-	-	-	-	1.98%	-	-	-	-
Effect of excluding the Subsidiaries and non-continuing transactions (4)	(84.587)	(5.356)	(133.361)	(108.953)	(67.475)	(4.65%)	(0.31%)	(7.25%)	(8.00%)	(4.94%)
Group's total revenue	**1,817.395**	**1,715.761**	**1,839.889**	**1,362.592**	**1,366.828**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: The Company.

(1) The Subsidiary, Saneem, works in the venture capital investment sector and records its revenues based on an evaluation of its share and the percentage of ownership in these investments. All of its investments are considered through companies under establishment and have not produced any revenues until the date of this Prospectus.

(2) Liquidation procedures has begun and its employees were transferred to the Company.

(3) Company under liquidation.

(4) Owned by Al Holoul Al Mutakamela Holding Company as of the date of this Prospectus.

The following subsection sets out the details of each Subsidiary:

4.7.1 Saudi Logistic Services Company Limited

Saudi Logistic Services Company Limited is a one-person limited liability company registered in Riyadh, under Commercial Registration No. 1010587193 dated 8 Thul-Qi'dah 1440H (corresponding to 11 July 2019G), and its headquarters is located at Al Olaya Street, Al Ghadeer District, P.O. Box 91279, Riyadh 13311, Kingdom of Saudi Arabia, As of the date of this Prospectus, its capital 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.

Saudi Logistic Services Company represents the logistic arm of the Company, as a specialised and professional company for providing catering, accommodation and transportation services for the Group's workers.

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

Table 4.25: The Ownership Structure of Saudi Logistic Services Company Limited as of the date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
Saudi Manpower Solutions Company (the Company)	10,000	100	1,000,000	100.00%
Total	**10,000**	**-**	**1,000,000**	**100.00%**

Source: The Company.

According to Saudi Logistic Services Company's articles of association, its main activities include land transportation of passengers in cities and suburbs, land transportation of goods and warehousing, real estate activities in owned or leased properties, rental of motor vehicles and activities of tour operators. According to Saudi Logistic' commercial registration, its main activities include land transport of goods, operation of storage facilities for all types of goods except food products and public warehouses that include a variety of goods.

4.7.2 Terhab Customer Experience Limited Company

Terhab Customer Experience Limited Company is a one-person limited liability company registered in Riyadh, under Commercial Registration No. 1010628795, dated 30 Jumada al-Akhirah 1441H (corresponding to 24 February 2020G) and its headquarters is located at Al Olaya Street, Al Ghadeer District, P.O. Box 91279, Riyadh 13311, Kingdom of Saudi Arabia, As of the date of this Prospectus, its capital is one million Saudi Arabian Riyals (SAR 1,000,000) divided into one hundred (100) shares with a fully paid nominal value of ten thousand Saudi Arabian Riyals (SAR 10,000) per share.

Terhab Customer Experience Company represents the client's and manpower's voice, receiving and solving their requests and complaints through latest technologies in the customer experience sector.

The following table sets out the ownership structure of Terhab Customer Experience Limited Company as of the date of this Prospectus:

Table 4.26: The Ownership Structure of Terhab Customer Experience Limited Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
Saudi Manpower Solutions Company (the Company)	100	10,000	1,000,000	100.00%
Total	**100**	**-**	**1,000,000**	**100.00%**

Source: The Company.

According to Terhab Customer Experience Company's articles of association, its main activities include activities of temporary employment agencies, integrated office administrative services activities, wireless communications activities, other communications activities, computer consultancy activities, computer facilities management, data processing, web hosting and related activities and air transport-related service activities. According to Terhab Customer Experience Company's commercial registration, its main activities include ground management and supervision services at airports, providing call centre services, provision of infrastructure for web hosting, data processing services, providing digital certification services, providing management and control service of communication and information networks, providing communications service provider (CSP), providing mobile telecommunications services, combined office administrative service activities and activities of temporary employment agencies of expatriate workers services.

4.7.3 Saneem Investment Company

Saneem Investment Company is a one-person limited liability company registered in Riyadh, under Commercial Registration No. 1010786170, dated 3 Sha'ban 1443H (corresponding to 6 March 2022G) and its headquarters is located at Al Olaya Street, Al Ghadeer District, P.O. Box 91279, Riyadh 13311, Kingdom of Saudi Arabia. As of the date of this Prospectus, its capital 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.

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

Table 4.27: The Ownership Structure of Saneem Investment Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
Saudi Manpower Solutions Company (the Company)	10,000	100	1,000,000	100.00%
Total	**10,000**	**-**	**1,000,000**	**100.00%**

Source: The Company.

According to Saneem Investment Company's articles of association, its main activities include holding companies (i.e. units that acquire the assets of a controlling equity interest of a group of subsidiaries, the principal activity of which is the ownership of that group) and other financial services activities, excluding insurance and pension financing. According to Saneem Investment Company's commercial registration, its main activities include investing the funds of the holding companies Subsidiaries and other financial services activities other than insurance and pension financing not elsewhere classified.

4.7.4 Romoz Development for Communications and Information Technology Company

Romoz Development for Communications and Information Technology Company is a one-person limited liability company registered in Riyadh, under Commercial Registration No. 101062539, dated 23 Jumada al-Akhirah 1441H (corresponding to 17 February 2020G) and its headquarters is located at Al Olaya Street, Al Ghadeer District, P.O. Box 91279, Riyadh 13311, Kingdom of Saudi Arabia. As of the date of this Prospectus, its capital 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.

Romoz Development for Communications and Information Technology Company is currently undergoing liquidation.

The following table sets out the ownership structure of Romoz Development for Communications and Information Technology Company, as of the date of this Prospectus:

Table 4.28: The Ownership Structure of Romoz Development for Communications and Information Technology Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
Saudi Manpower Solutions Company (the Company)	10,000	100	1,000,000	100.00%
Total	**10,000**	**-**	**1,000,000**	**100.00%**

Source: The Company.

According to Romoz Development for Communications and Information Technology Company's articles of association, its main activities include computer programming activities, computer consultancy activities, computer facility management, data processing, web hosting and related activities, wholesale of other household goods and retail sale of books, newspapers and stationery in specialised stores. According to Romoz Development for Communications and Information Technology Company's commercial registration, its main activities include wholesale of prepaid card, retail sale of prepaid cards of all kinds, analysis of systems, designing and programming special software, providing management and control service of communication and information networks and provision of infrastructure for web hosting, data processing services and related activities.

4.7.5 Business Solutions Centre Private Limited Company

Business Solutions Centre Private Limited Company is an Indian limited liability company registered under Commercial Registration No. 379653 dated 24 Sha'ban 1442H (corresponding to 6 April 2021G) and its headquarters is located at Lajpat Nagar, New Delhi, Republic of India. As of the date of this Prospectus, its capital is one hundred and ten thousand Indian Rupees (INR 110,000), divided into ten thousand (10,000) shares, with a fully paid nominal value of eleven Indian Rupees (INR 11) per share.

Business Solutions Centre Private Limited Company is currently undergoing liquidation.

The following table sets out the ownership structure of Business Solutions Centre Limited Company as of the date of this prospectus:

Table 4.29: The Ownership Structure of Businesses Solutions Centre Private Limited Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (INR)	Total Nominal Value (INR)	Ownership Percentage (%)
Terhab	7,600	11	83,600	76.00%
Romoz	2,400	11	26,400	24.00%
Total	**10,000**	**-**	**110,000**	**100.00%**

Source: The Company

According to its bylaws, the activities of Businesses Solutions Centre Private Limited Company consist of providing businesses solutions services.

4.8 Current Ownership Structure

4.8.1 Overview

The Company's current capital is four hundred million Saudi Arabian Riyals (SAR 400,000,000), divided into four hundred million Shares (400,000,000) with a fully paid nominal value of one Saudi Arabian Riyal (SAR 1) per share.

The following table sets out the current ownership structure of the Company and its capital pre- and post-the Offering:

Table 4.30: The Direct Ownership Structure Pre- and Post-Offering

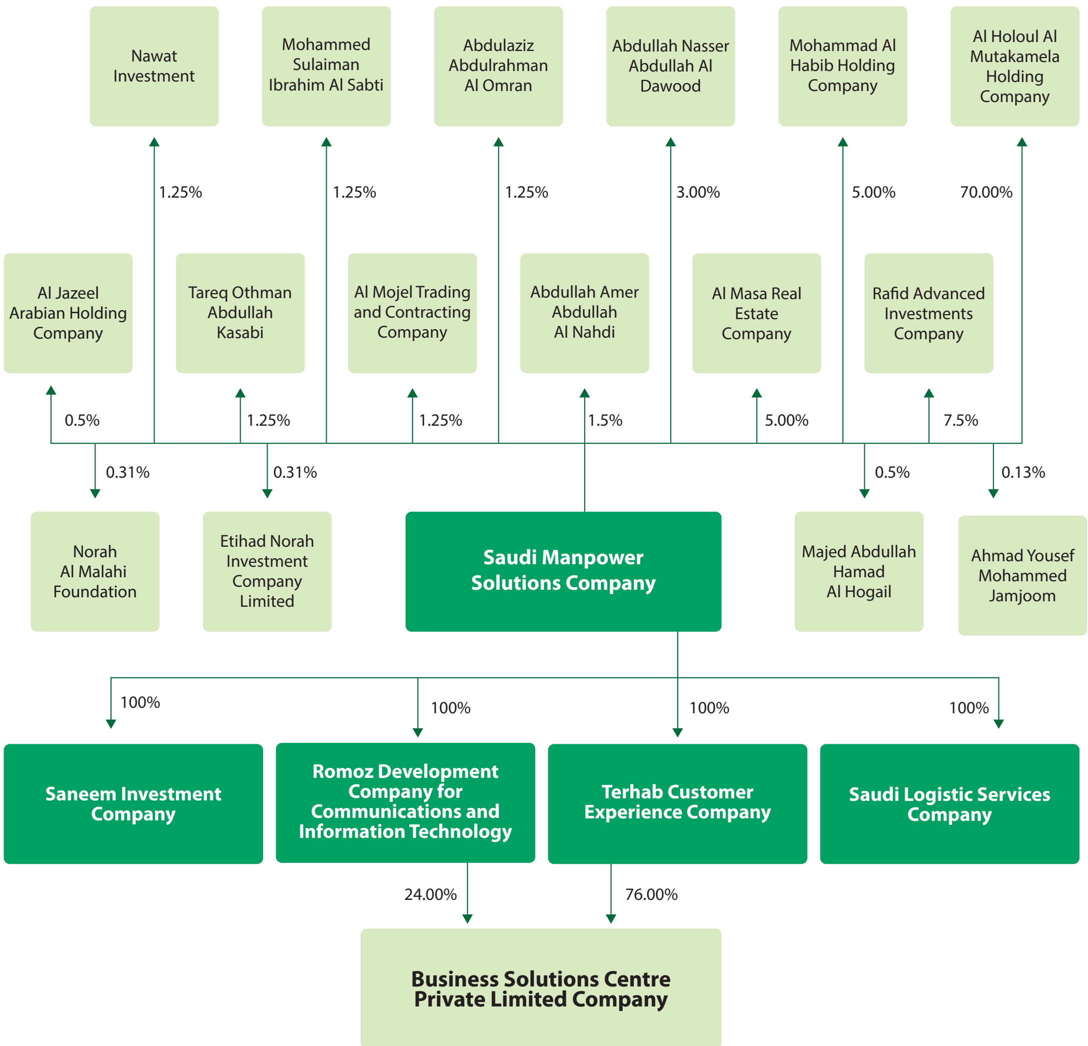
Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Share Nominal Value (SAR)	Ownership Percentage (%)	Number of Shares	Total Nominal Value (SAR)	Ownership Percentage (%)
Al Holoul Al Mutakamela Holding Company	280,000,000	280,000,000	70.000%	191,050,000	191,050,000	47.761%
Rafid Advanced Investment Company	30,000,000	30,000,000	7.500%	19,350,000	19,350,000	4.848%
Mohammed Abdulaziz Al Habib and Sons Holding Company	20,000,000	20,000,000	5.000%	14,000,000	14,000,000	3.500%
Maalem Al Masa Real Estate Company	20,000,000	20,000,000	5.000%	14,000,000	14,000,000	3.500%
Abdullah Nasser Abdullah Al Dawood	12,000,000	12,000,000	3.000%	12,000,000	12,000,000	3.000%
Abdullah Amer Munif Al Nahdi	6,000,000	6,000,000	1.500%	4,200,000	4,200,000	1.050%
Abdulaziz Abdulrahman Mohammed Al Omran	5,000,000	5,000,000	1.250%	3,500,000	3,500,000	0.875%
Al Mojel Trading and Contracting Company	5,000,000	5,000,000	1.250%	3,500,000	3,500,000	0.875%
Mohammed Sulaiman Ibrahim Al Sabti	5,000,000	5,000,000	1.250%	5,000,000	5,000,000	1.250%
Tareq Othman Abdullah Al Kasabi	5,000,000	5,000,000	1.250%	3,500,000	3,500,000	0.875%
Nawat Real Estate Investment Company	5,000,000	5,000,000	1.250%	5,000,000	5,000,000	1.250%
Al Jazeel Arabian Holding Company	2,000,000	2,000,000	0.500%	1,400,000	1,400,000	0.350%
Majed Abdullah Hamad Al Hoqail	2,000,000	2,000,000	0.500%	1,400,000	1,400,000	0.350%
Etihad Noorah Investment Company	1,250,000	1,250,000	0.310%	875,000	875,000	0.219%

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Share Nominal Value (SAR)	Ownership Percentage (%)	Number of Shares	Total Nominal Value (SAR)	Ownership Percentage (%)
Norah Al Malahi Endowments	1,250,000	1,250,000	0.310%	875,000	875,000	0.219%
Ahmad Yousef Mohammed Salah Jamjoom	500,000	500,000	0.130%	350,000	350,000	0.088%
Public	-	-	-	120,000,000	120,000,000	30.000%
Total	**400,000,000**	**400,000,000**	**100.00%**	**400,000,000**	**400,000,000**	**100.00%**

Source: The Company.

The following chart illustrates the ownership structure of the Company:

Exhibit 4.1: The Group's Current Ownership Structure as of the Date of this Prospectus



Source: The Company.

The tables below sets out details of the Substantial Shareholders' direct and indirect ownership of the Company as of the date of this Prospectus:

Table 4.31: Details of the Shareholders Owning Directly 5% or More of the Company's Shares as of the Date of this Prospectus

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Ownership Percentage (%) (1)	Total Nominal Value (SAR)	Number of Shares	Ownership Percentage (%) (1)	Total Nominal Value (SAR)
Al Holoul Al Mutakamela Holding Company	280,000,000	70.000%	280,000,000	191,050,000	47.761%	191,050,000
Rafid Advanced Investment Company	30,000,000	7.500%	30,000,000	19,350,000	4.838%	19,350,000
Mohammed Abdulaziz Al Habib and Sons Holding Company	20,000,000	5.000%	20,000,000	14,000,000	3.500%	14,000,000
AlMasa Real Estate Company	20,000,000	5.000%	20,000,000	14,000,000	3.500%	14,000,000
Total	**350,000,000**	**87.500%**	**350,000,000**	**238,400,000**	**59.599%**	**238,400,000**

Source: The Company.

(1) Ownership percentages are rounded.

Table 4.32: Details of the Individual Shareholders Owning Indirectly 5% or More of the Company's Shares as of the Date of this Prospectus

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Ownership Percentage (%) (1)	Total Nominal Value (SAR)	Number of Shares	Ownership Percentage (%) (1)	Total Nominal Value (SAR)
Norah Mohammed Othman Al Awwad	29,260,000	7.315%	29,260,000	19,964,725	4.991%	19,964,725
Saad Nahar Baddah Al Mutairi	25,760,000	6.439%	25,760,000	17,576,600	4.394%	17,576,600
Abdullah Zamil Mohammed Al Omar	23,660,000	5.915%	23,660,000	16,143,725	4.035%	16,143,725
Total	**78,680,000**	**19.669%**	**78,680,000**	**53,685,050**	**13.420%**	**53,685,050**

Source: The Company.

(1) Ownership percentages are rounded.

4.8.2 Overview of the Shareholding Companies

This section shows details of the shareholding companies that directly and indirectly owns the Company's shares as of the date of this prospectus.

4.8.2.1 Al Holoul Al Mutakamela Holding Company

Al Holoul Al Mutakamela Holding Company is a joint stock company pursuant to Ministerial Resolution No. 787, dated 24 Jumada al-Ula 1443H (corresponding to 28 December 2021G), and registered under Commercial Registration No. 1010768869 dated 26 Jumada al-Ula 1443H (corresponding to 30 December 2021G). The company's headquarters and registered office is located at Al Olaya Street, Al Ghadeer District, P.O. Box 91279, Riyadh 13311, Kingdom of Saudi Arabia. As of the date of this Prospectus, Al Holoul Al Mutakamela Holding Company's capital is five hundred million Saudi Arabian Riyals (SAR 500,000,000) divided into fifty million (50,000,000) shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

According to its bylaws, the activities of Al Holoul Al Mutakamela Holding Company consist of financial activities and insurance activities.

The following table sets out the ownership structure of Al Holoul Al Mutakamela Holding Company as of the date of this Prospectus:

Table 4.33: The Ownership Structure of Al Holoul Al Mutakamela Holding Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%) [1]
Norah Mohammed Othman Al Awwad	5,225,000	10	52,250,000	10.45%
Saad Nahar Baddah Al Mutairi	4,600,000	10	46,000,000	9.20%
Abdullah Zamil Mohammed Al Omar	4,225,000	10	42,250,000	8.45%
Mohammed Abdullah Ahmed Al Basha	3,000,000	10	30,000,000	6.00%
Abdulrahman Rashid Mohammed Ammar	2,500,000	10	25,000,000	5.00%
Abdullah Mohammed Abdullah Al Medlej	2,000,000	10	20,000,000	4.00%
Abdulrahman Zayed Abdullah Al Mahtab	1,500,000	10	15,000,000	3.00%
Saleh Abdulrahman Saleh Al Shridah	1,500,000	10	15,000,000	3.00%
Ali Salem Arfaj Al Yami	1,500,000	10	15,000,000	3.00%
Fahad Zwaid Melfi Al Mutairi	1,500,000	10	15,000,000	3.00%
Mohannad Abdulwahab Saad Dajam	1,000,000	10	10,000,000	2.00%
Mishari Kurdi Daibel Al Dhafiri	1,000,000	10	10,000,000	2.00%
Abdullah Ibrahim Abdulaziz Al Mousa Al Tamimi	1,000,000	10	10,000,000	2.00%
Ali Abdullah Mohammed Al Shehri Ali	1,000,000	10	10,000,000	2.00%
Musnad Hasher Sael Al Dosari	1,000,000	10	10,000,000	2.00%
Sami Khaled Ahmed Derry	1,000,000	10	10,000,000	2.00%
Fahad Mohammed Hamad Al Sinan	1,000,000	10	10,000,000	2.00%
Munif Alamlah MajwAl Anzi	1,000,000	10	10,000,000	2.00%
Adel Mubarak Mohammed Al Dosari	1,000,000	10	10,000,000	2.00%
Rajeh Mohammed Rajeh Al Dosari	750,000	10	7,500,000	1.50%
Majid Abdullah Mohammed Al Ruqaie	750,000	10	7,500,000	1.50%
Abdullah Jamal Abdullah Al Mofawaz	650,000	10	6,500,000	1.30%
Saleh Sultan Mohammed Al Thunayan	575,000	10	5,750,000	1.15%
Talal Mohammed Muteb Al Qahtani	500,000	10	5,000,000	1.00%
Hazza Mansour Tami Al Mutairi	500,000	10	5,000,000	1.00%
Mohammed Hassan Oboud As-sawat	500,000	10	5,000,000	1.00%
Jamal Mohammed Sultan Al Zahrani	500,000	10	5,000,000	1.00%
Hussain Abdulrahman Saeed Zaahib	500,000	10	5,000,000	1.00%
Saleh Abdullah Mohammed Al Dakheel	500,000	10	5,000,000	1.00%
Makhfoor Abdullah Ali Al Yami	500,000	10	5,000,000	1.00%
Monther Ihsan Abdullah Felimban	500,000	10	5,000,000	1.00%
Jawahir Ibrahim Hassan Zarbatan	500,000	10	5,000,000	1.00%
Mohammed Abdulaziz Abdulrahman Al Eid	500,000	10	5,000,000	1.00%
Fahaad Miah Muteb Al Anzi	500,000	10	5,000,000	1.00%
Majed Muthker Heif Al Haif	318,200	10	3,182,000	0.63%

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%) [1]
Naif Muthker Heif Al Haif	318,100	10	3,181,000	0.63%
Mohammed Muthker Heif Al Haif	318,100	10	3,181,000	0.63%
Hessah Mohammed Homoud Al Nughaimshy	250,600	10	2,506,000	0.50%
Ali Mohsen Ali Al Omairi	250,000	10	2,500,000	0.50%
Abdulrahman Awadh Abdulraheem Al Zahrani	250,000	10	2,500,000	0.50%
Ali Saleh Mohammed Busbait	250,000	10	2,500,000	0.50%
Theeb Saad Ali Amer Al Salem	250,000	10	2,500,000	0.50%
Adel Abdulaziz Mohammed Al Daarmi	250,000	10	2,500,000	0.50%
Hamad Omar Hamad Al Rajhi	250,000	10	2,500,000	0.50%
Khaled Abdulmohsen Mohammed Al Saif	250,000	10	2,500,000	0.50%
Yasser Mohammed Dayfullah Khawaji	200,000	10	2,000,000	0.40%
Nouf Muthker Heif Al Haif	159,000	10	1,590,000	0.32%
Maha Muthker Heif Al Haif	159,000	10	1,590,000	0.32%
Aliah Muthker Heif Al Haif	159,000	10	1,590,000	0.32%
Norah Muthker Heif Al Haif	159,000	10	1,590,000	0.32%
Shaikhah Muthker Heif Al Haif	159,000	10	1,590,000	0.32%
Monifa Saif Sultan Al Sallal	124,996	10	1,249,960	0.25%
Nawaf Saad Mohammed Al Dhahik	109,375	10	1,093,750	0.22%
Faisal Saad Mohammed Al Dhahik	109,375	10	1,093,750	0.22%
Ahmad Saad Mohammed Al Dhahik	109,375	10	1,093,750	0.22%
Mohammed Saad Mohammed Al Dhahik	109,375	10	1,093,750	0.22%
Khaled Mohammed Ibrahim Al Dehaimi	100,000	10	1,000,000	0.20%
Hessah Hamad Mohammed Al Omayer	75,000	10	750,000	0.15%
Lubna Saad Mohammed Al Dhahik	54,688	10	546,880	0.11%
Amani Saad Mohammed Al Dhahik	54,688	10	546,880	0.11%
Suaad Saad Mohammed Al Dhahik	54,688	10	546,880	0.11%
Rana Saad Mohammed Al Dhahik	54,688	10	546,880	0.11%
Razan Saad Mohammed Al Dhahik	54,688	10	546,880	0.11%
Shaden Saad Mohammed Al Dhahik	54,688	10	546,880	0.11%
Hanan Saad Mohammed Al Dhahik	54,688	10	546,880	0.11%
Ghadah Saad Mohammed Al Dhahik	54,688	10	546,880	0.11%
Mohammed Abdulrahman Bakr Al Safi	50,000	10	500,000	0.10%
Mohamed Hamad Hajars Al Bahli	50,000	10	500,000	0.10%
Total	**50,000,000**	**-**	**500,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

4.8.2.2 Rafid Advanced Investment Company

Rafid Advanced Investment Company is a limited liability company registered under Commercial Registration No. 1010806894, dated 14 Thul-Qi'dah 1443H (corresponding to 13 June 2022G). The company's registered headquarters is located at Building 19, Business Gate, Qurtuba District, Eastern Ring Road, Riyadh 13244, Kingdom of Saudi Arabia. As of the date of this Prospectus, Rafid Advanced Investment Company's capital is one hundred thousand Saudi Arabian Riyals (SAR 100,000), divided into one hundred (100) shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share.

According to its article of association, the activities of Rafid Advanced Investment Company consist of rice cultivation and heavy coal mining.

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

Table 4.34: The Ownership Structure of Rafid Advanced Investment Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%) (1)
Al Faisaliah Commercial Investment Company	99	1,000	99,000	99.00%
Rafid Commercial Investment Company	1	1,000	1,000	1.00%
Total	**100**	**-**	**100,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

The following sets out the details of Rafid Advanced Investment Company's corporate shareholders, as of the date of this Prospectus:

a- Al Faisaliah Commercial Investment Company

Al Faisaliah Commercial Investment Company is a one-person limited liability company registered under Commercial Registration No. 1010187830, dated 23 Rabi' al-Thani 1424H (corresponding to 23 June 2003G). The company's registered headquarters is located at Building 19, Business Gate, Qurtuba District, Eastern Ring Road, Riyadh 13244, Kingdom of Saudi Arabia. As of the date of this Prospectus, Al Faisaliah Commercial Investment Company's capital is one million Saudi Arabian Riyals (SAR 1,000,000) divided into one hundred thousand (100,000) shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

According to its bylaws, the activities of Al Faisaliah Commercial Investment Company consist of rice cultivation, heavy coal mining, wholesale of electronic and telecommunications equipment and parts, wholesale of metals and metal ores, retail of computers and peripheral equipment, software and communications equipment in specialised stores, computer consultancy and computer facilities management.

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

Table 4.35: The Ownership Structure of Al Faisaliah Commercial Investment Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%) (1)
Al Faisaliah Holding Group Company	100,000	10	1,000,000	100.00%
Total	**100,000**	**-**	**1,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

(i) Al Faisaliah Holding Group Company

Al Faisaliah Holding Group Company is a closed joint stock company registered under Commercial Registration No. 1010158635, dated 26 Jumada al-Ula 1421H (corresponding to 1 May 2000G). The company's registered headquarters is located at Building 19, Business Gate, Qurtuba District, Eastern Ring Road, P.O. Box 16460, Riyadh 13244, Kingdom of Saudi Arabia. As of the date of this Prospectus, Al Faisaliah Holding Group Company's capital is three hundred seventy-five million Saudi Arabian Riyals (SAR 375,000,000) divided into thirty-seven million five hundred thousand (37,500,000) shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

According to its bylaws, the activities of Al Faisaliah Holding Group Company consist of management of Subsidiaries or participation in the management of other companies in which it has a stake, provision of the necessary support to them Investment of funds in shares and other securities, ownership of real estate and movable property necessary for the conduct of the company's activities, provision of loans, guarantees and financing to subsidiaries, ownership of industrial property rights, including patents, trademarks, industrial designs, franchises and other intangible rights, and their exploitation and leasing to Subsidiaries or others.

The following table sets out the ownership structure of Al Faisaliah Holding Group Company as of the date of this Prospectus:

Table 4.36: The Ownership Structure of Al Faisaliah Holding Group Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%) (1)
Faisla Abdullah Al Saud	7,312,500	10	73,125,000	19.50%
Abdulrahman Abdullah Al Saud	4,265,625	10	42,656,250	11.38%
Mohammed Khalid Al Saud	4,265,625	10	42,656,250	11.38%
Turki Abdullah Al Saud	4,265,625	10	42,656,250	11.38%
Sultan Abdullah Al Saud	4,265,625	10	42,656,250	11.38%
Sultana Abdullah Al Saud	3,656,250	10	36,562,500	9.75%
Faisal Saud Al Saud	1,066,406	10	10,664,060	2.84%
Khalid Saud Al Saud	1,066,406	10	10,664,060	2.84%
Mohammed Abdulrahman Al Arifi	937,500	10	9,375,000	2.50%
Turki Mohammed Al Saud	678,622	10	6,786,220	1.81%
Fahad Mohammed Al Saud	678,622	10	6,786,220	1.81%
Saud Mohammed Al Saud	678,622	10	6,786,220	1.81%
Talal Mohammed Al Saud	678,622	10	6,786,220	1.81%
Sultan Mohammed Al Saud	678,622	10	6,786,220	1.81%
Alanoud Fahad Al Saud	533,204	10	5,332,040	1.42%
Sara Saud Al Saud	533,203	10	5,332,030	1.42%
Nouf Saud Al Saud	533,203	10	5,332,030	1.42%
Norah Saud Al Saud	533,203	10	5,332,030	1.42%
Norah Bandar Al Saud	533,203	10	5,332,030	1.42%
Norah Mohammed Al Saud	339,312	10	3,393,120	0.91%
Total	**37,500,000**	**-**	**375,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

b- Rafid Commercial Investment Company

Rafid Commercial Investment Company is a limited liability company registered under Commercial Registration No. 1010213071, dated 1 Ramadan 1426H (corresponding to 4 October 2005G). The company's registered headquarters is located at Building 19, Business Gate, Qurtuba District, Eastern Ring Road, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Rafid Commercial Investment Company's capital is one million five hundred thousand Saudi Arabian Riyals (SAR 1,500,000), divided into one hundred and fifty thousand (150,000) shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

According to its bylaws, the activities of Rafid Commercial Investment Company consist of rice cultivation, heavy coal mining, wholesale of electronic and telecommunications equipment and parts, wholesale of metals and metal ores, retail of computers and peripheral equipment, software and communications equipment in specialised stores, computer consultancy and computer facilities management.

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

Table 4.37: The Ownership Structure of Rafid Commercial Investment Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%) (1)
Al Faisaliah Commercial Investment Company	1,500	10	15,000	1.00%
Al Faisaliah Holding Group Company	148,500	10	1,485,000	99.00%
Total	**150,000**	**-**	**1,500,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

4.8.2.3 Mohammed Abdulaziz Al Habib and Sons Holding Company

Mohammed Abdulaziz Al Habib and Sons Holding Company is a closed joint stock company registered under Commercial Registration No. 1010245272, dated 23 Safar 1429H (corresponding to 1 March 2008G). The company's registered headquarters is located at Al Rayyan District, Eastern Ring Road Branch, P.O. Box 1143, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Mohammed Abdulaziz Al Habib and Sons Holding Company's capital is one billion three and twenty million Saudi Arabian Riyals (SAR 1,320,000,000), divided into one hundred and thirty-two million (132,000,000) shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

According to its bylaws, the activities of Mohammed Abdulaziz Al Habib and Sons Holding Company consist of management of its subsidiaries.

The following table sets out the ownership structure of Mohammed Abdulaziz Al Habib and Sons Holding Company as of the date of this Prospectus:

Table 4.38: The Ownership Structure of Mohammed Abdulaziz Al Habib and Sons Holding Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%) (1)
Masarat Al Tanmiah Investment Company	91,451,833	10	914,518,330	69.28%
Tharawat Al Mostaqbal Investment Company	5,321,161	10	53,211,610	4.03%
Tharawat Al Mostaqbal First Investment Company	10,194,188	10	101,941,880	7.72%
Tharawat Al Mostaqbal Second Investment Company	7,915,421	10	79,154,210	6.00%
Tharawat Al Mostaqbal Third Investment Company	8,959,001	10	89,590,010	6.79%
Tharawat Al Mostaqbal Fourth Investment Company	5,499,405	10	54,994,050	4.17%
Namaa Al Mostaqbal Investment Company	2,658,991	10	26,589,910	2.01%
Total	**132,000,000**	**-**	**100,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

The following shows the details of Mohammed Abdulaziz Al Habib and Sons Holding Company's corporate shareholders as of the date of this Prospectus:

a- Masarat Al Tanmiah Investment Company

Masarat Al Tanmiah Investment Company is a closed joint stock company registered under Commercial Registration No. 1010672313, dated 21 Rabi' al-Thani 1442H (corresponding to 6 December 2020G). The company's registered headquarters is located in Al Rayyan District, Eastern Ring Road Branch, P.O. Box 1143, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Masarat Al Tanmiah Investment Company's capital is five hundred thousand Saudi Arabian Riyals (SAR 500,000), divided into fifty thousand (50,000) shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

According to its bylaws, the activities of Masarat Al Tanmiah Investment Company consist of managing and renting owned and rented properties (residential) and managing and renting owned and rented properties (non-residential).

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

Table 4.39: The Ownership Structure of Masarat Al Tanmiah Investment Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%) (1)
Mohammed Al Habib Endowment	49,500	10	495,000	99.00%
Osool Al Tanmiah Investment Company	500	10	5,000	1.00%
Total	**100,000**	**-**	**1,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

(i) Mohammed Al Habib Endowment

Mohammed Al Habib Endowment is an endowment establishment registered under Endowment Registration No. 401209307 dated 27 Rajab 1440H (corresponding to 3 April 2019G).

(ii) Osool Al Tanmiah Investment Company

Osool Al Tanmiah Investment Company is a one-person limited liability company registered under Commercial Registration No. 1010640960, dated 11 Thul-Qi'dah 1441H (corresponding to 1 July 2019G). The company's registered headquarters is located at Al Rayyan District, Eastern Ring Road Branch, P.O. Box 2683, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Osool Al Tanmiah Investment Company's capital is ten thousand Saudi Arabian Riyals (SAR 10,000), divided into one thousand (1,000) shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

According to its bylaws, the activities of Osool Al Tanmiah Investment Company consist of managing and renting owned and rented properties (residential and non-residential) and management of real estate activities for commission.

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

Table 4.40: The Ownership Structure of Osool Al Tanmiah Investment Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
Mohammed Al Habib Endowment	1,000	10	10,000	100.00%
Total	**10,000**	**-**	**10,000**	**100.00%**

Source: The Company.

b- Tharawat Al Mostaqbal Investment Company

Tharawat Al Mostaqbal Investment Company is a limited liability company registered under Commercial Registration No. 1010623291, dated 27 Jumada al-Ula 1441H (corresponding to 22 January 2020G). The company's registered headquarters is located at Al Rayyan District, Eastern Ring Road Branch, P.O. Box 114211, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Tharawat Al Mostaqbal Investment Company's capital is seven million one hundred and thirty-five thousand, two hundred and sixty-eight Saudi Arabian Riyals (SAR 7,135,268), divided into seven million, one hundred and thirty-five thousand, two hundred and sixty-eight (7,135,268) shares with a nominal value of one Saudi Arabian Riyal (SAR 1) per share.

According to its bylaws, the activities of Tharawat Al Mostaqbal Investment Company consist of general construction of non-residential buildings (such as schools, hospitals, hotels, etc.), managing and renting owned and rented properties (residential) and managing and renting owned and rented properties (non-residential).

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

Table 4.41: The Ownership Structure of Tharawat Al Mostaqbal Investment Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%) (1)
Mohammed Abdulaziz Sulaiman Al Habib	7,135,268	1	7,135,268	100.00%
Total	**7,135,268**	**-**	**7,135,268**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

c- Tharawat Al Mostaqbal First Investment Company

Tharawat Al Mostaqbal First Investment Company is a limited liability company registered under Commercial Registration No. 1010623386, dated 28 Jumada al-Ula 1441H (corresponding to 23 January 2020G). The company's registered headquarters is located at Al Rayyan District, Eastern Ring Road Branch, P.O. Box 114211, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Tharawat Al Mostaqbal First Investment Company's capital is eleven million six hundred seventy-three thousand nine hundred and fifty Saudi Arabian Riyals (SAR 11,673,950), divided into eleven million, six hundred and seventy-three thousand, nine hundred and fifty (11,673,950) shares with a nominal value of one Saudi Arabian Riyal (SAR 1) per share.

According to its bylaws, the activities of Tharawat Al Mostaqbal First Investment Company consist of general construction of non-residential buildings (such as schools, hospitals, hotels, etc.), managing and renting owned and rented properties (residential) and managing and renting owned and rented properties (non-residential).

The following table sets out the ownership structure of Tharawat Al Mostaqbal First Investment Company as of the date of this Prospectus:

Table 4.42: The Ownership Structure of Tharawat Al Mostaqbal First Investment Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%) (1)
Muneera Abdulrahman Al Ouda	1,503,087	1	1,503,087	12.88%
Mohammed Abdulaziz Sulaiman Al Habib	1,490,982	1	1,490,982	12.77%
Saleh Mohamed Abdulaziz Alhabeeb	1,349,191	1	1,349,191	11.56%
Zaid Mohammed Abdulaziz Al Habib	1,500,848	1	1,500,848	12.86%
Reem Mohammed Abdulaziz Al Habib	840,176	1	840,176	7.20%
Sarah Mohammed Abdulaziz Al Habib	832,398	1	832,398	7.13%
Buthainah Mohammed Abdulaziz Al Habib	796,198	1	796,198	6.82%
Khawlah Mohammed Abdulaziz Al Habib	841,685	1	841,685	7.21%
Alhanouf Mohammed Abdulaziz Al Habib	831,025	1	831,025	7.12%
Albatool Mohammed Abdulaziz Al Habib	847,403	1	847,403	7.26%
Najlaa Mohammed Abdulaziz Al Habib	840,957	1	840,957	7.20%
Total	**11,673,950**	**-**	**11,673,950**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

d- Tharawat Al Mostaqbal Second Investment Company

Tharawat Al Mostaqbal Second Investment Company is a limited liability company registered under Commercial Registration No. 1010623293, dated 27 Jumada al-Ula 1441H (corresponding to 22 January 2020G). The company's registered headquarters is located at Al Rayyan District, Eastern Ring Road Branch, P.O. Box 114211, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Tharawat Al Mostaqbal Second Investment Company's capital is eight million seven hundred sixty-four thousand six hundred and fifty Saudi Arabian Riyals (SAR 8,764,650), divided into eight million, seven hundred and sixty-four thousand, six hundred and fifty (8,764,650) shares with a nominal value of one Saudi Arabian Riyal (SAR 1) per share.

According to its bylaws, the activities of Tharawat Al Mostaqbal Second Investment Company consist of general construction of residential buildings, general construction of non-residential buildings (such as schools, hospitals, hotels, etc.), managing and renting owned and rented properties (residential) and managing and renting owned and rented properties (non-residential).

The following table sets out the ownership structure of Tharawat Al Mostaqbal Second Investment Company as of the date of this Prospectus:

Table 4.43: The Ownership Structure of Tharawat Al Mostaqbal Second Investment Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%) (1)
Fatima Abdulaziz Al Tuwaijri	1,463,619	1	1,463,619	16.70%
Abdullah Mohammed Abdulaziz Al Habib	1,473,259	1	1,473,259	16.81%
Hasan Mohammed Abdulaziz Al Habib	1,639,095	1	1,639,095	18.70%
Hajar Mohammed Abdulaziz Al Habib	840,230	1	840,230	9.59%
Salma Mohammed Abdulaziz Al Habib	832,427	1	832,427	9.50%
Saja Mohammed Abdulaziz Al Habib	847,085	1	847,085	9.66%
Salman Mohammed Abdulaziz Al Habib	1,668,935	1	1,668,935	19.04%
Total	**8,764,650**	**-**	**11,673,950**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

e- Tharawat Al Mostaqbal Third Investment Company

Tharawat Al Mostaqbal Third Investment Company is a limited liability company registered under Commercial Registration No. 1010623388, dated 28 Jumada al-Ula 1441H (corresponding to 23 January 2020G). The company's registered headquarters is located at Al Rayyan District, Eastern Ring Road Branch, P.O. Box 114211, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Tharawat Al Mostaqbal Third Investment Company's capital is eight million, nine hundred and fifty-nine thousand and one Saudi Arabian Riyals (SAR 8,959,001), divided into eight million, nine hundred and fifty-nine thousand and one (8,959,001) shares with a nominal value of one Saudi Arabian Riyal (SAR 1) per share.

According to its bylaws, the activities of Tharawat Al Mostaqbal Third Investment Company consist of own-account investment activities, such as by venture capital companies and investment clubs.

The following table sets out the ownership structure of Tharawat Al Mostaqbal Third Investment Company as of the date of this Prospectus:

Table 4.44: The Ownership Structure of Tharawat Al Mostaqbal Third Investment Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%) (1)
Ruqaia Ali Al Azzaz	1,210,805	1	1,210,805	13.52%
Aljoharah Mohammed Abdulaziz Al Habib	838,396	1	838,396	9.36%
Turki Mohammed Abdulaziz Al Habib	1,669,076	1	1,669,076	18.63%
Faisal Mohammed Abdulaziz Al Habib	1,669,076	1	1,669,076	18.63%

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%) (1)
Shaihana Mohammed Abdulaziz Al Habib	823,473	1	823,473	9.19%
Sultanah Mohammed Abdulaziz Al Habib	823,473	1	823,473	9.19%
Fahad Mohammed Abdulaziz Al Habib	1,320,000	1	1,320,000	14.73%
Fahdah Mohammed Abdulaziz Al Habib	604,702	1	604,702	6.75%
Total	**8,959,001**	**-**	**11,673,950**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

f- Tharawat Al Mostaqbal Fourth Investment Company

Tharawat Al Mostaqbal Fourth Investment Company is a limited liability company registered under Commercial Registration No. 1010623392, dated 28 Jumada al-Ula 1441H (corresponding to 23 January 2020G). The company's registered headquarters is located at Al Rayyan District, Eastern Ring Road Branch, P.O. Box 114211, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Tharawat Al Mostaqbal Fourth Investment Company's capital is five million eight hundred and twenty-nine thousand four hundred and five Saudi Arabian Riyals (SAR 5,829,405), divided into five million eight hundred and twenty-nine thousand four hundred and five (5,829,405) shares with a nominal value of one Saudi Arabian Riyal (SAR 1) per share.

According to its bylaws, the activities of Tharawat Al Mostaqbal Fourth Investment Company consist of own-account investment activities, such as by venture capital companies and investment clubs.

The following table sets out the ownership structure of Tharawat Al Mostaqbal Fourth Investment Company as of the date of this Prospectus:

Table 4.45: The Ownership Structure of Tharawat Al Mostaqbal Fourth Investment Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%) (1)
May Saleh Al Yahya	1,320,000	1	1,320,000	22.64%
Khalid Mohammed Abdulaziz Al Habib	1,320,000	1	1,320,000	22.64%
Lulu Mohammed Abdulaziz Al Habib	660,000	1	660,000	11.33%
Bader Mohammed Abdulaziz Al Habib	1,320,000	1	1,320,000	22.64%
Saud Mohammed Abdulaziz Al Habib	1,209,405	1	1,209,405	20.75%
Total	**5,829,405**	**-**	**5,829,405**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

g- Namaa Al Mostaqbal Investment Company

Namaa Al Mostaqbal Investment Company is a limited liability company registered under Commercial Registration No. 1010746355, dated 23 Safar 1443H (corresponding to 30 September 2021G). The company's registered headquarters is located at Al Rayyan District, Eastern Ring Road Branch, P.O. Box 114211, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Namaa Al Mostaqbal Investment Company's capital is ten thousand Saudi Arabian Riyals (SAR 10,000), divided into one hundred (100) shares with a nominal value of one hundred Saudi Arabian Riyals (SAR 100) per share.

According to its bylaws, the activities of Namaa Al Mostaqbal Investment Company consist of own-account investment activities, such as by venture capital companies and investment clubs.

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

Table 4.46: The Ownership Structure of Namaa Al Mostaqbal Investment Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
Mohammed Abdulaziz Al Habib	75	100	7,500	75%
Abdullah Mohammed Abdulaziz Al Habib	75	100	2,500	25%
Total	**100**	**-**	**10,000**	**100.00%**

Source: The Company.

4.8.2.4 Maalem Al Masa Real Estate Company

Maalem Al Masa Real Estate Company is a limited liability company registered under Commercial Registration No. 1010662993, dated 4 Rabi' al-Awwal 1442H (corresponding to 21 October 2022G). The company's registered headquarters is located at Al Rayyan District, Eastern Ring Road, P.O. Box 2683, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Maalem Al Masa Real Estate Company's capital is one hundred thousand Saudi Arabian Riyals (SAR 100,000), divided into one hundred (100) shares with a fully paid nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share.

According to its bylaws, the activities of Maalem Al Masa Real Estate Company consist of general construction of residential buildings, general construction of non-residential buildings (such as schools, hospitals, hotels, etc.), investment companies' activities, managing and renting owned and rented properties (residential) and managing and renting owned and rented properties (non-residential).

The following table sets out the ownership structure of Maalem Al Masa Real Estate Company as of the date of this Prospectus:

Table 4.47: The Ownership Structure of Maalem Al Masa Real Estate Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
Mohammed Abdulaziz Al Habib and Sons Holding Company	100	1,000	100,000	100.00%
Total	**100**	**-**	**100,000**	**100.00%**

Source: The Company.

For further details regarding Mohammed Abdulaziz Al Habib and Sons Holding Company, see Section 4.8.2.3.

4.8.2.5 Al Mojel Trading and Contracting Company

Al Mojel Trading and Contracting Company is a closed joint stock company registered under Commercial Registration No. 1010063525, dated 16 Muharram 1407H (corresponding to 21 September 1986G). The company's registered headquarters is located at Al Rabea District, Prince Mohammed bin Salman Road, P.O. Box 10199, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Al Mojel Trading and Contracting Company's capital is two hundred and fifty-five million Saudi Arabian Riyals (SAR 255,000,000), divided into twenty-five million, five hundred thousand (25,500,000) shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

According to its bylaws, the activities of Al Mojel Trading and Contracting Company consist of retail sale of building materials and investing.

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

Table 4.48: The Ownership Structure of Al Mojel Trading and Contracting Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%) [1]
Advanced Houses Real Estate Company	11,347,560	10	113,475,600	44.50%
Saad Ibrahim Al Mojel	6,481,501	10	64,815,010	25.42%
Fahad Ibrahim Al Mojel	1,212,876	10	12,128,670	4.76%
Hamad Ibrahim Al Mojel	1,912,632	10	19,126,320	7.50%

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%) (1)
Khalid Ibrahim Al Mojel	1,912,632	10	19,126,320	7.50%
Abdullah Ibrahim Al Mojel	1,912,632	10	19,126,320	7.50%
Mohammed Saad Al Mojel	720,167	10	7,201,670	2.82%
Total	**25,500,000**	**-**	**255,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

The following shows the details of Al Mojel Trading and Contracting Company Shareholding companies, as of the date of this Prospectus:

a- Advanced Houses Real Estate Company

Advanced Houses Real Estate Company is a limited liability company registered under Commercial Registration No. 1010807719, dated 19 Thul-Qi'dah 1443H (corresponding to 19 June 2022G). The company's registered headquarters is located at King Faisal District, Khalid bin Alwaleed Road, P.O. Box 13215, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Advanced Houses Real Estate Company's capital is five hundred thousand Saudi Arabian Riyals (SAR 500,000), divided into fifty thousand (50,000) shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

According to its bylaws, the activities of Advanced Houses Real Estate Company consist of buying, selling and dividing land and real estate.

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

Table 4.49: The Ownership Structure of Advanced Houses Real Estate Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
Ahmad Saleh Al Mojel	6,250	10	62,500	12.50%
Mohammed Saleh Al Mojel	6,250	10	62,500	12.50%
Khalid Saleh Al Mojel	6,250	10	62,500	12.50%
Latifa Mohammed Al Mojel	6,250	10	62,500	12.50%
Aljoharah Saleh Al Mojel	3,125	10	31,250	6.25%
Hessah Saleh Al Mojel	3,125	10	31,250	6.25%
Shaikhah Saleh Al Mojel	3,125	10	31,250	6.25%
Muneera Saleh Al Mojel	3,125	10	31,250	6.25%
Norah Saleh Al Mojel	3,125	10	31,250	6.25%
Huda Saleh Al Mojel	3,125	10	31,250	6.25%
Haya Saleh Al Mojel	3,125	10	31,250	6.25%
Hailah Saleh Al Mojel	3,125	10	31,250	6.25%
Total	**50,000**	**-**	**50,000**	**100.00%**

Source: The Company.

4.8.2.6 Nawat Real Estate Investment Company

Nawat Real Estate Investment Company is a closed joint stock company registered under Commercial Registration No. 1010614291, dated 1 Jumada al-Ula 1439H (corresponding to 18 January 2018G). The company's registered headquarters is located at Al Taawun District, Imam Mohammed bin Saud Street, Riyadh 12476, Kingdom of Saudi Arabia. As of the date of this Prospectus, Nawat Real Estate Investment Company's capital is five hundred thousand Saudi Arabian Riyals (SAR 500,000), divided into fifty thousand (50,000) shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

According to its bylaws, the activities of Nawat Real Estate Investment Company consist of buying and owning real estate and land to build or invest by selling or renting to the company.

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

Table 4.50: The Ownership Structure of Nawat Real Estate Investment Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%) (1)
Sulaiman Mohammed Al Saif	46,000	10	460,000	92.00%
Ahmad Sulaiman Al Saif	500	10	5,000	1.00%
Mohammed Sulaiman Al Saif	500	10	5,000	1.00%
Haitham Sulaiman Al Saif	500	10	5,000	1.00%
Muhannad Sulaiman Al Saif	500	10	5,000	1.00%
Hailah Abdullah Al Saif	500	10	5,000	1.00%
Asmaa Sulaiman Al Saif	250	10	2,500	0.50%
Maha Sulaiman Al Saif	250	10	2,500	0.50%
Ebtihal Sulaiman Al Saif	250	10	2,500	0.50%
Alaa Sulaiman Al Saif	250	10	2,500	0.50%
Amal Sulaiman Al Saif	250	10	2,500	0.50%
Manal Sulaiman Al Saif	250	10	2,500	0.50%
Total	**50,000**	**-**	**500,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

4.8.2.7 Al Jazeel Arabian Holding Company

Al Jazeel Arabian Holding Company is a limited liability company registered under Commercial Registration No. 4030454821, dated 20 Rajab 1443H (corresponding to 20 February 2022G). The company's registered headquarters is located at Al Ammaria District, Makkah Old Road, Jeddah 22237, Kingdom of Saudi Arabia. As of the date of this Prospectus, Al Jazeel Arabian Holding Company's capital is one hundred thousand Saudi Arabian Riyals (SAR 100,000), divided into one hundred (100) shares with a fully paid nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share.

According to its bylaws, the activities of Al Jazeel Arabian Holding Company consist of management of Subsidiaries or participation in the management of other companies in which it has a stake and provision of the necessary support to them, investment of funds in shares and other securities, ownership of real estate and movable property necessary for the conduct of the company's activities, provision of loans, guarantees and financing to Subsidiaries and ownership of industrial property rights, including patents, trademarks, industrial designs, franchises and other intangible rights, and their exploitation and leasing to Subsidiaries or others.

The following table sets out the ownership structure of Al Jazeel Arabian Holding Company as of the date of this Prospectus:

Table 4.51: The Ownership Structure of Al Jazeel Arabian Holding Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%) (1)
Yousef Mohammed Salah Jamjoom	1	1,000	1,000	1.00%
Hamad Yousef Mohammed Salah Jamjoom	99	1,000	99,000	99.00%
Total	**100**	**-**	**100,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

4.8.2.8 Etihad Noorah Investment Company

Etihad Noorah Investment Company is a limited liability company registered under Commercial Registration No. 1010462381, dated 18 Ramadan 1437H (corresponding to 23 June 2016G). The company's registered headquarters is located at King Fahad District, King Abdullah Road, Riyadh 122710, Kingdom of Saudi Arabia. As of the date of this Prospectus, Etihad Noorah Investment Company's capital is five hundred thousand Saudi Arabian Riyals (SAR 500,000), divided into fifty thousand (50,000) shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

According to its bylaws, the activities of Etihad Noorah Investment Company consist of financial activities and insurance activities.

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

Table 4.52: The Ownership Structure of Etihad Noorah Investment Company as of the Date of this Prospectus

Shareholder	Number of Shares	Share Nominal Value (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%) (1)
Khalid Saleh Al Rajhi	7,145	10	71,450	14.29%
Abdulwahab Saleh Al Rajhi	7,145	10	71,450	14.29%
Salman Saleh Al Rajhi	7,145	10	71,450	14.29%
Naif Saleh Al Rajhi	7,145	10	71,450	14.29%
Fatima Saleh Al Rajhi	3,570	10	35,700	7.14%
Huda Saleh Al Rajhi	3,570	10	35,700	7.14%
Muna Saleh Al Rajhi	3,570	10	35,700	7.14%
Haifa Saleh Al Rajhi	3,570	10	35,700	7.14%
Kholood Saleh Al Rajhi	3,570	10	35,700	7.14%
Luluah Saleh Al Rajhi	3,570	10	35,700	7.14%
Total	**50,000**	**-**	**500,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

4.8.2.9 Norah Al Malahi Endowments

Norah Al Malahi Endowment is an endowment establishment registered under Endowment Registration No. 35156862, dated 22 Safar 1435H (corresponding to 25 December 2013G).

4.9 Overview of the Group's Business

The Group, as the pioneer in the manpower services industry, secured the inaugural licence in the Kingdom to supply manpower to both corporate and individual segments. This landmark achievement marked the beginning of an untapped market, positioning the Group as a trailblazer in shaping and managing the relationship between employers and the workforce in the Kingdom. Upholding the regulations set forth by the MHRSD, the Group established itself as the benchmark and standard-bearer in the manpower industry in the Kingdom. By safeguarding the rights of the workforce and introducing services tailored to local market needs, the Group has emerged as the preferred choice for those seeking workforce solutions in both corporate and individual segments, as well as among manpower services providers. The Group's mission aligns with the objectives envisioned by the regulator for this particular business model, delivering a broad spectrum of foreign manpower resources, from highly professional and skilled manpower to proficient unskilled manpower, ensuring a comprehensive approach to fulfilling the dynamic manpower requirements across various market segments.

4.9.1 The Group's Services

The Group is dedicated to serving its clients and customers by sourcing manpower with the requisite skills. Typically, the Group bears all the costs and fees related to the recruitment process, including the manpower resources' salaries, work and residence permit fees, medical examinations and medical insurance costs, professional malpractice insurance costs (applicable solely for medical sector) and airfare costs, depending on the contractual arrangement with the clients, which are then taken in consideration by the Group when determining pricings for its clients and customers.

In the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, the revenue from the Corporate Segment represented 73.5 per cent., 70.7 per cent., 70.8 per cent. and 68.7 per cent., respectively, of the Group's total revenue for the same period. The revenue from the Individual Segment represented 26.5 per cent., 29.3 per cent., 29.2 per cent. and 31.4 per cent., respectively, of the Group's total revenue for the same.

4.9.1.1 Corporate Segment

The Group's Corporate Segment consists of comprehensive manpower services catering to a diverse range of industries with professional, skilled and unskilled manpower.

In the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, the revenue from the Corporate Segment represented 73.5 per cent., 70.7 per cent., 70.8 per cent. and 68.7 per cent., respectively, of the Group's total revenue for the same periods. As of 30 September 2023G, there were 20,867 workers actively engaged with clients from the Corporate Segment. For more information about the Group's manpower resources by specialisation, see Section 4.9.3 (*Manpower Resources Relationships*).

The following table details the main industries that the Group serves within the Corporate Segment, outlining the annual revenues of the Group from each industry and the number of manpower resources deployed therein in the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G:

Table 4.53: The Group's Corporate Revenues by Industry in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Period Ended 30 September 2023G

#	Industry	Financial Year Ended 31 December						Nine-month Period Ended 30 September	
		2020G		2021G		2022G		2023G	
		Total Revenues (SAR million)	Monthly Average Number of Utilised Workers	Total Revenues (SAR million)	Monthly Average Number of Utilised Workers	Total Revenues (SAR million)	Monthly Average Number of Workers	Total Revenues (SAR million)	Monthly Average Number of Utilised Workers
1	Oil & Gas / Petrochemical	312.3	1,648	307.7	1,501	315.5	1,465	252.2	1,336
2	Retail Sector	176.0	4,044	122.3	2,771	121.3	2,817	82.2	2,221
3	Construction Sector	331.1	7,613	256.5	6,024	285.4	6,514	207.7	5,793
4	Industrial and Operation Sector	46.7	997	26.2	588	26.5	588	23.2	639
5	Health Care Sector	85.9	1,148	98.2	1,317	115.2	1,484	81.8	1,197

#	Industry	Financial Year Ended 31 December						Nine-month Period Ended 30 September	
		2020G		2021G		2022G		2023G	
		Total Revenues (SAR million)	Monthly Average Number of Utilised Workers	Total Revenues (SAR million)	Monthly Average Number of Utilised Workers	Total Revenues (SAR million)	Monthly Average Number of Workers	Total Revenues (SAR million)	Monthly Average Number of Utilised Workers
7	Hospitality Sector	168.3	4,083	166.2	3,748	152.1	3,306	84.8	2,198
8	Facility Management	83.7	2,106	103.8	2,646	122.0	3,040	88.5	2,571
9	Others	131.9	3,354	117.5	3,064	157.7	3,602	109.3	4,912
Total (1)		**1,336.1**	**24,992**	**1,198.5**	**21,659**	**1,295.7**	**22,816**	**929.7**	**20,867**

Source: The Company.

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

a- Corporate Clients

The Group excels in serving the Corporate Segment by offering extensive manpower services, ranging from highly professional and skilled manpower to proficient unskilled manpower. With typical contracts spanning two years and the flexibility for short-term deployments, the Group caters to a variety of sectors such as petrochemical, retail, construction and healthcare. It boasts a client base of top global and local industry leaders and ensures the deployment of optimal candidates through a rigorous recruitment process. The Group's strategies are designed to foster long-term partnerships and its competitive pricing strategy is tailored to provide value-driven services. This comprehensive approach underscores the Group's prominence in the Corporate Segment.

(i) Services Offered to Corporate Clients

The Group has distinguished itself in the manpower industry by offering a comprehensive suite of services tailored to corporate clients. These services, designed to address the unique demands of various sectors, encompass everything from basic manpower provision to total manpower solutions, showcasing the Group's services versatility and commitment to excellence. The main solutions offered include the following:

Musanadeh (Providing Manpower Services)

Musanadeh represents the Group's foundational service offering, designed to simplify the manpower provision process for both individuals and companies. This service covers the entire spectrum of basic procedures, including recruitment, salary management, medical and social insurance, Iqama processing, driving licence acquisition and the arrangement of return tickets. The Group ensures that the manpower provided is skilful in their respective roles, with thorough background checks and health screenings to guarantee reliability and proficiency. In cases of incompatibility or incompetency, the Group offers rapid recruitment solutions and easy replacement options, demonstrating its commitment to client satisfaction and service excellence.

Mutakamelah (Manpower Solutions with Housing and Transportation)

Leveraging the capabilities of the Group's logistics arm (Saudi Logistic), Mutakamelah builds upon the foundations of Musanadeh, providing additional services to the client to include housing and transportation. Utilising Saudi Logistic' robust infrastructure of accommodations and transportation fleet, this service package is strategically designed to offer clients a comprehensive manpower solution. This integration alleviates the administrative burdens associated with managing a manpower. By overseeing every aspect of employee welfare, from accommodation to commuting and harnessing the strength of Saudi Logistic' resources, the Group ensures that its clients can focus on their core business activities, secure in the knowledge that their manpower needs are being expertly managed using a well-established infrastructure.

Shamelah (Comprehensive and Efficient Manpower Solutions)

Shamelah represents the highpoint of the Group's service offerings, encompassing all features of Mutakamelah and further augmenting them with additional detailed services to the client's human resources needs. This service is the embodiment of the Group's commitment to providing more detailed manpower solutions, ensuring that every aspect of human resource management is meticulously catered to.

Mawsemiah (Short-Term and Total Manpower Contracts for Peak Seasons)

Recognising the cyclical nature of certain industries, Mawsemiah is tailored to provide total comprehensive support under short-term contracts for specific peak seasons, such as the Hajj season and agricultural harvest seasons. This solution demonstrates the Group's flexibility and responsiveness to the varying demands of the market, ensuring that clients receive robust support during their busiest periods.

Jahez (Readily Available, Qualified and Skilled Manpower)

Jahez is designed to meet immediate manpower needs by offering a selection of readily available workers across the Kingdom. This service is ideal for short-term contracts, providing clients with a flexible solution to meet their business demands quickly and efficiently. Jahez encompasses all the services provided by Musanadeh, with the notable exception of housing, thereby offering a tailored solution for clients seeking immediate manpower support.

In summary, the Group's diverse range of services to corporate clients showcase its commitment to delivering tailor-made solutions to meet the need of different industries. By offering a spectrum of services from basic manpower provision to comprehensive manpower management, the Group not only solidifies its position as a leader in the manpower industry but also reinforce its dedication to client satisfaction and operational excellence.

(ii) Corporate Client Base

The Group's corporate client base comprises various entities from both the public and private sectors that require manpower services. This diverse client demonstrates to the Group's ability to cater to a range of manpower needs across different industries and sectors.

Profile of Key Clients

The Group's esteemed partners, including global industry leaders are the cornerstones of its success. The enduring relationships with these clients are a testament to the trust they have placed in the Group.

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 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G:

Table 4.54: The Group's Top Five Clients in Terms of Revenue in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Period Ended 30 September 2023G

#	Client (1)	Financial Year Ended 31 December						Nine-Month Period Ended 30 September	
		2020G		2021G		2022G		2023G	
		Total Revenues (SAR million)	Percentage (%)	Total Revenues (SAR million)	Percentage (%)	Total Revenues (SAR million)	Percentage (%)	Total Revenues (SAR million)	Percentage (%)
1	Client 1	109	5.87%	107	6.25%	109	5.91%	87	16.40%
2	Client 2	41	2.23%	44	2.56%	79	4.30%	63	4.64%
3	Client 3	50	2.72%	56	3.25%	52	2.84%	36	2.62%
4	Client 4	31	1.66%	42	2.44%	44	2.40%	32	2.38%
5	Client 5	18	0.97%	32	1.86%	37	2.01%	22	1.64%
Total		**250**	**13.45%**	**281**	**16.37%**	**321**	**17.46**	**242**	**17.68%**

Source: The Company.

(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.

Client Composition

Over the years, the Group's corporate clients have consistently formed a substantial part of its client base, underlining its robust presence in the manpower services industry. This client composition is diverse, ranging from multinational corporations to local businesses across various sectors. Such diversity not only showcases the Group's capability to attract and retain a wide range of corporate entities but also speaks volumes about its reputation and reliability in meeting varied manpower needs. The sustained preference of corporate clients for the Group's services is a testament to its expertise, adaptability and the high-quality solutions it provides. It also ensures the trust and confidence that these corporate entities place in the Group, solidifying its status as a leading player in the sector.

Market Segmentation and Targeting

The Group's market segmentation and targeting strategy is fundamental to its success. By understanding that different industries have different needs, the Group has honed its approach to cater specifically to these varied needs. By segmenting the market, the Group ensures that its services are precisely tailored to the requirements of each industry it serves. This strategic focus allows the Group to offer specialised solutions that address the distinct challenges and expectations of its clients with strategic targeting for the following sectors: petrochemical, healthcare, construction, HORECA and logistics, in addition to targeting the SMEs segment. Specialised teams, channels and capabilities are equipped to provide dedicated support to each sector, from sourcing highly skilled professionals to ensuring rapid recruitment and addressing industry-specific needs. This precise targeting not only sets the Group apart from competitors but also positions it as a trusted partner in the growth and success of businesses across the Kingdom, in particular in the following sectors.

- **Petrochemical Sector:** the Group has carved out a niche in the petrochemical sector, particularly in meeting the specialised requirements of petrochemical companies. It provides expert talent sourcing services for all operational phases, from exploration to refining. The Group's partnership with industry giants exemplifies its capability to align with clients' strategic goals, ensuring operational excellence in this critical sector;
- **Retail Sector:** the Group extends its expertise to the retail sector, understanding the importance of client experience and service in this dynamic industry. It offers tailored manpower solutions to meet the unique, client-focused demands of retail businesses. These solutions ensure that retail enterprises are equipped with skilled professionals, not only in areas of client engagement and sales but also extending to the broader commercial sector. The Group's offerings encompass administrative, client service and sales roles, supporting seamless operations and fostering growth for commercial enterprises. This comprehensive approach guarantees that businesses in the retail and commercial sectors can effectively meet market demands and drive client satisfaction;
- **Construction Sector:** specialising in the construction industry, the Group offers rapid mobilisation and efficient manpower solutions, ensuring timely project completion while maintaining safety and technical standards. This capability is pivotal in supporting large-scale construction projects and infrastructure development;
- **Industrial and Operation Sector:** the Group's proficiency extends to the industrial and operation sector, where it provides manpower solutions tailored to the technical and operational intricacies of the industry. By supplying skilled professionals who can navigate complex industrial environments, the Group contributes to enhanced operational efficiency and productivity;
- **Health Care Sector:** addressing the global nursing staff shortage, the Group plays a crucial role in sourcing dedicated healthcare professionals from regions like the Philippines and India. Its international partnerships ensure the provision of quality care during staff shortages, supporting healthcare institutions in maintaining uninterrupted and quality services;
- **Hospitality Sector:** the Group demonstrates a deep understanding of the hospitality sector, particularly in sourcing talent for various cuisines. By maintaining a recruitment pipeline for skilled kitchen workers and servers, the Group ensures flexibility and client satisfaction in the ever-evolving hospitality industry; and
- **Other:** the Group's capabilities are not confined to the above listed sectors. It caters to a range of other industries, including agriculture, logistics, telecommunication, education, real estate services, entertainment and other services, showcasing its adaptability and commitment to providing customised manpower solutions. The Group's comprehensive approach ensures that clients across various sectors receive effective and specialised support.

The Group's sector-specific expertise underscores its commitment to delivering excellence and fostering growth across a wide range of industries. This diversified approach ensures that clients in each sector receive manpower solutions that are not only efficient but also carefully tailored to their specific industry requirements.

(iii) Client Acquisition Strategy

The Group's client acquisition strategy is designed to deliver comprehensive and effective solutions to diverse industries in the Kingdom. It caters to a wide spectrum of businesses and spanning various industries, with strategic targeting for petrochemical, healthcare, construction, HORECA, logistics and more. The approach encompasses every aspect of client engagement, from the initial outreach to nurturing long-term relationships.

- **Personal Selling:** The sales teams communicate with potential clients, tailoring solutions to their unique needs. This personalised approach forms the bedrock of trust and long-term partnerships.
- **Customised Solutions:** The Group understands the importance of providing tailored solutions. Each industry segment has distinct challenges and requirements and the approach is geared toward addressing these unique needs. The ability to deliver customised solutions is a key factor in acquiring and retaining clients.
- **Relationship Building:** Utilising advanced CRM tools, the Group maintains ongoing engagement with its clients. While technology aids in keeping clients informed, high value is placed on personal meetings to ensure a deeper understanding and connection.

- **On-line Solutions:** According to SMEs segment needs and ability to reach, the Group offers online sales and services channel (Rowad mobile application) tailored to meet the unique needs and reach of this segment.
- **Feedback:** To continuously enhance services, a dedicated Customer Experience Team has been established. They collect client feedback quarterly, ensuring the Group remains aligned with its clients' evolving needs.

(iv) Marketing Support

The Group's marketing support initiatives demonstrate its commitment to building enduring relationships with clients and prospects. From leveraging targeted brand awareness campaigns across various platforms to active participation in industry events and exhibitions, the Group ensures a dynamic presence in the market. The website and digital channels are optimised for effective communication and audience engagement, while search engine optimisation efforts are integrated to enhance online visibility. Lead generation campaigns are thoughtfully designed to capture potential client interest. Furthermore, the Group invests in creating high-quality, sector-specific marketing materials providing the sales team with the tools and training necessary to excel in their activities. Through these comprehensive marketing support initiatives, the Group aims to strengthen its brand, lead generation and ultimately drive growth.

- **Brand Awareness Campaigns:** The Group's brand awareness campaigns are designed to boost the exposure and reach of its brand. Using proprietary platforms and offline tools, including email, print and outdoor advertisements, the Group's focus is on messaging that speaks to its target audience. In addition to pushing content out via these channels, the Group also creates detailed reports for its internal use that provide a comprehensive understanding of how it is reaching clients and making them aware of the product or service.
- **Events and Exhibitions:** Participation in industry events and exhibitions allows the Group to build direct connections with potential clients and stakeholders, expand its knowledge of the market and cultivate in-person interactions and creates awareness of the Group's services and products and enhances its brand profile and prestige.
- **Website and Digital Presence:** The Group's digital presence includes websites, social media pages and other digital channels serving as fundamental components of the online strategy. The Group ensures that its website effectively communicates value propositions, while its digital presence engages the audience and enhances brand recognition. Search engine optimisation efforts are integrated to optimise online visibility.
- **Lead Generation Campaigns:** To engage potential clients and generate quality leads, strategically designed lead generation campaigns are employed. These campaigns are tailored to specific industry segments to capture the interest of potential clients effectively.
- **Email Marketing:** Email marketing campaigns are strategically designed to reach the target audience. This includes newsletters, updates and promotions tailored to specific targeted industry.
- **Marketing Materials and Sales Support Enhancement:** The Group is dedicated to creating high-quality, sector-specific marketing materials, including presentations, profiles, brochures and flyers. These materials are customised to align with the unique needs, challenges and goals of each sector. The sales team receives training and support in effectively and confidently using these materials in their sales activities.

(v) Client Retention Initiatives

The Group's client retention strategy is built around nurturing lasting relationships, providing unparalleled support and gathering valuable feedback for continuous improvement. It believes in delivering consistent value to clients even after the initial acquisition. The following are the key components of the client retention strategy:

- **Dedicated Relationship Management Team:** A dedicated Relationship Management Team has been established. Their primary role is to ensure ongoing communication and support for clients. This team serves as a direct point of contact for clients, addressing their evolving needs and challenges.
- **Customised Client Solutions:** The Group understands that every client is unique. Its approach involves tailoring solutions to align with specific industry requirements, challenges and goals, ensuring that clients receive customised support.
- **Client Success Planning:** The Group works closely with clients to develop client-specific success plans. This collaborative approach ensures that its services continue to meet and exceed the expectations of clients.
- **Client Engagement Strategies:** Continuous engagement with clients is maintained through regular check-ins and updates. This proactive approach allows the Group to address their concerns and maintain strong client relationships.

(vi) Existing Contracts and Employment with a Full-Time Equivalent System

The contracts in place within the Group represent the expected future revenue based on the manpower services agreements, which are quantified using full-time equivalent (FTE). The Group assesses the residual value of these agreements by calculating the total number of FTE employees allocated under long-term service contracts, subtracting the FTE employees who have already been employed or utilised. This approach includes evaluating both current contractual commitments and the value of new agreements that have not yet commenced service delivery.

For the purpose of clarification, "full-time equivalent" is a standard measure that refers to the workload or employees required within an organisation. It represents the total number of full-time hours worked, which are performed by full-time employees or a combination of part-time employees whose hours of work are equivalent to a full-time work schedule, on an annual basis.

As of 31 December 2020G, 2021G 2022G, and 30 September 2023G, the Group's accumulated business value from corporate customers in terms of FTE was 0,754, 2,728, 1,410 and 2,795, respectively, reflecting the manpower required to meet service contracts. This accumulated business record highlights the Group's ability and commitment to meeting contractual manpower service requirements. The increase in accumulated business in FTE terms over these periods is consistent with the Group's strategic growth and its ability to secure and manage increasing service contracts.

However, estimates of the residual value of existing contracts, calculated in FTE terms, are based on a number of assumptions and should not be considered conclusive evidence of future revenue. They provide an estimate of potential revenue, assuming those assumptions are valid and there are no unexpected developments. Actual revenue may vary due to a variety of factors, including the signing of new contracts, early termination of existing contracts with penalty payments, or customer failure to meet contractual terms.

Therefore, the actual revenue realised from the Group's service contracts may differ from the revenue assumed in any calculations of the residual value of existing contracts based on FTE. For more information about the risks associated with these estimates and the employment of FTE employees, see Section 2.1.21 (*Risks Related to the Residual Value of Existing Contracts and FTE Deployment*).

b- Corporate Manpower Resources Recruitment Process in the Kingdom

At the core of the Group's operation is a comprehensive and detail-oriented process that encompasses contracting, selection and recruitment, arrival and post-arrival, deployment and post-deployment support. Each phase reflects the Group's firm commitment to legal compliance, meticulous candidate selection and seamless integration into the Kingdom's work environment. From the initial stages of contract negotiation to the final steps of post-deployment support, the Group methodically plans every aspect to ensure not only the highest standards of service delivery but also the well-being and satisfaction of its workforce. This comprehensive approach is a testament to the Group's dedication to excellence, fostering trustworthy client relationships and a supportive and thriving environment for its manpower resources.

(i) Contracting

At the heart of the Group's operations lies a robust and meticulous legal framework, ensuring the utmost adherence to compliance and legal standards. The Legal Department plays a pivotal role in this, carefully evaluating and aligning all business activities with the Kingdom's Labour Laws, regulatory requirements and industry norms. From managing contract renewals and terminations with precision to engaging in detailed negotiations and agreement procedures, the team ensures every contract reflects the Group's commitment to legal integrity, client satisfaction and manpower protection. Whether dealing with corporate clients or individuals, each contract is crafted with clear stipulations on duration and termination, upholding the Group's rights and fostering trustworthy relationships.

Legal Frameworks and Compliance

The Group's Legal Department meticulously evaluates various legal aspects to ensure adherence to legal frameworks and maintain compliance. This includes vigilantly monitoring and ensuring compliance with Labour Laws, regulatory requirements and industry standards within the Kingdom.

Contract Renewals and Terminations

The Group places significant emphasis on managing contract renewals and terminations efficiently. This involves conducting timely assessments of contract performance, evaluating the need for renewals and ensuring compliance with termination clauses when necessary.

Negotiation and Agreement Procedures

When entering into agreements with new clients, the Group's legal team actively engages in negotiations and agreement procedures. This includes thorough contract reviews, negotiation of terms and conditions and the establishment of financial guarantees as stipulated in the contract.

Contract Duration and Termination Clauses

The Group's contracts, whether for corporate clients or individuals, specify their duration. They also include termination clauses, which outline the conditions and procedures for contract termination, safeguarding the company's rights and interests.

(ii) Selection and Recruitment

At the heart of the Group's commitment to excellence lies a thorough and multi-faceted approach to candidate selection. Recognising that the quality of its manpower resources is pivotal to client satisfaction and business success, the Group has instituted a comprehensive selection framework. This framework encompasses robust screening and interview protocols, diverse skills assessment techniques and rigorous background verification processes. Each component of this framework is designed to ensure that only the most qualified and suitable candidates are selected, aligning closely with the specific needs and expectations of the clients.

Screening and Interview Protocols

They are designed to select the most qualified candidates, perfectly matching the unique needs of clients. These protocols are not just about assessing qualifications and experience. They delve deeper into understanding how well candidates align with specific client requirements. A crucial component of this process involves ensuring that candidates are thoroughly briefed on the company culture, values and expectations of the client. This comprehensive approach empowers candidates to seamlessly integrate into their roles, align with the client's ethos and excel in their positions. By doing so, the Group guarantees a harmonious match between candidates and clients, nurturing success and satisfaction on both ends.

Skills Assessment Techniques

The Group's selection process includes various skills assessment techniques designed to evaluate the technical and soft skills of candidates. These techniques help identify individuals who possess the competencies required for each role, ensuring that the clients receive talent that matches their specific needs. Additionally, advanced job matching algorithms are employed to align candidate profiles with job requirements precisely. This ensures that the right talent is allocated to the right roles, enhancing overall job satisfaction and performance.

Background Verification Processes

The Group places a strong emphasis on thorough background verification processes. Extensive checks are conducted, including criminal background checks, reference verification and validation of work experience and qualifications. These verification processes are essential to ensure the reliability and integrity of the candidates provided to the clients.

(iii) Arrival and Post-Arrival Support

Navigating the complexities of international recruitment and relocation to the Kingdom requires detailed attention and a comprehensive approach. The Group is acutely aware of the challenges and opportunities that come with this journey and is fully committed to facilitating a smooth transition for the overseas workforce. Through a range of tailored services, the Group seamlessly handles all aspects of immigration, ensuring that each candidate's unique needs are met. From visa processing to cultural orientation, every detail is carefully managed to provide a seamless and enriching experience for those embarking on new professional chapters in the Kingdom. This commitment to excellence and personalised care underscores the Group's dedication to nurturing a supportive and inclusive environment for all its international recruits.

Immigration Assistance for the Workforce to the Kingdom

The Group serves as a dedicated partner in supporting a seamless transition for the workforce coming to the Kingdom. Comprehensive services cover all aspects of immigration, focusing on visa applications, documentation, legal requirements and settlement services. The unique needs of candidates are understood and guidance is tailored accordingly.

Visa Processing and Documentation

The Group provides personalised visa application assistance, well-versed in the intricacies of visa applications, ensuring that all necessary documents are prepared accurately and submitted within the designated timelines. Beyond visa assistance, extensive support with documentation is offered, helping candidates navigate the complex paperwork required for immigration processes.

The Group manages a dynamic inventory of visas, proactively coordinating with the MHRSD to secure a quota that matches its growing needs. As of 30 September 2023G, the Group boasted a substantial pool of 12,983 visas within the Corporate Segment. This strategic visa allocation is informed by a comprehensive analysis of macroeconomic trends, market forecasts and Governmental policies, with special attention to Saudisation requirements and Government initiatives. The Group's data-driven strategy ensures the efficient distribution of additional visas, perfectly aligning with the diverse and specific requirements of its clients.

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 September 2023G). The request for reservation through the MHRSD system is approved by the Ministry of Interior. The maximum number of visa applications is subject to certain limitations, such as meeting certain KPIs.

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.

Arrival and Post-Arrival

Upon arrival in the Kingdom, manpower resources are met at the airport and either transferred to the Group's housing or directly to the corporate clients' premises. The Group assists them in completing all their arrival processes, including undergoing medical examinations, obtaining residence permits (Iqamas) and receiving medical insurance, bank accounts, ATM cards and SIM cards. A mandatory orientation is conducted for manpower resources upon their arrival in the Kingdom, during which they are informed of legal requirements, cultural aspects and the services available to them while being deployed.

Settlement and Acclimatisation Services

The Group acknowledges the critical need for candidates to assimilate successfully into the Kingdom's work culture, thereby offering comprehensive settlement and acclimatisation services. These services encompass orientation programmes to introduce newcomers to local customs and work practices, language training to facilitate effective communication, and the provision of accommodation and healthcare to ensure their well-being. By equipping candidates with these fundamental resources, the Group guarantees a seamless transition and integration into their new roles.

Onboarding Sessions and Workshops

The Group prioritises the seamless integration of candidates into client company environments by facilitating comprehensive onboarding sessions and workshops. These structured introductions are crafted to convey a thorough understanding of Saudi Arabian regulations and client's organisational culture, core values and performance standards. This foundational training is essential, preparing candidates with the necessary awareness and capabilities to perform effectively in their new roles, thereby ensuring their success and meaningful contribution within the Kingdom's dynamic workplace landscape.

(iv) Deployment

For the Group's corporate clients, the deployment phase marks a pivotal point where carefully selected candidates are integrated into their designated professional roles. The process begins with a thorough analysis of the client's unique requirements, which informs the strategic placement of individuals whose professional abilities, academic achievements (where applicable) and work experiences are relevant for the identified positions. This placement process is carried out through a systematic and efficient approach, ensuring a smooth transition that not only fulfils the immediate staffing requisites of the client but also advances long-term organisational harmony and workforce stability.

(v) Post-Deployment Support

In the relentless pursuit of operational excellence, the Group has instituted a comprehensive approach to ensure the highest standards of service delivery and employee satisfaction. It encompasses four pivotal areas: (i) rigorous payroll protection mechanism; (ii) performance monitoring systems to assure exemplary service delivery; (iii) robust workforce communication and satisfaction channels to promote a supportive environment; and (iv) dedicated employee welfare programmes that reflect the Group's commitment to employee well-being and engagement. These interlinked components not only bolster the Group's service quality but also cultivate a thriving workplace culture, ensuring that every stakeholder, from clients to the workforce, benefits from the Group's meticulous attention to detail and care. See also Section 4.9.4 (*Manpower Resources Relations*) for further information on payroll protection, workforce communication and satisfaction, healthcare and medical support, accommodation, transportation and safety measures provided by the Group to its workforce.

c- Pricing Strategy

In a highly competitive market, the Group's pricing strategy stands as a cornerstone of its success, carefully crafted to ensure optimal balance and adaptability. At the core of this strategy is a continuous competitive analysis, which ensures that its pricing is not only market-competitive but also aligned with added values and benefits. The Group's pricing model is thoughtfully designed to meet the diverse needs and financial expectations of its clients, offering them best value-based price. Furthermore, the Group offers a variety of flexible pricing models, tailored to meet the evolving requirements of its clients and ensure cost-effective, customised solutions. This comprehensive approach to pricing, which takes into account various factors including worker salaries, Government fees and recruitment costs, underscores the Group's commitment to transparency and economic viability. Through this strategic blend of competitive pricing, value-driven propositions and adaptable pricing frameworks, the Group reinforces its position as a trusted partner in the corporate sector, dedicated to delivering outstanding service standards.

(i) Competitive Analysis

To maintain a strategic edge in the manpower industry, the Group engages in a thorough analysis of competitor pricing strategies. This systematic and ongoing evaluation is critical for the Group to adjust its pricing models appropriately, ensuring they not only appeal to clients but also resonate with prevailing market trends. This strategy positions the Group as an attractive, value-based option for clients, balancing cost-effectiveness with uncompromised service quality. By keeping abreast of industry pricing levels, the Group aligns its offerings with market expectations, fortifying its standing as a cost-effective choice for its clients without compromising on the quality of services offered.

(ii) Added Value Proposition

The Group is dedicated to providing a value proposition that carefully balances the economic considerations of its diverse corporate clients with the imperative to provide top-tier services. Its competitive pricing model is tailored to reflect both the differentiated service offerings and the various budgetary requirements of its client base. While the Group's profit margins and pricing strategies are proprietary and sensitive from a commercial standpoint, they are designed with the dual objective of affording clients cost-effective solutions while driving the Group's long-term financial sustainability and market expansion. This calibrated approach to pricing underlines the Group's steadfast commitment to delivering superior value, ensuring a harmonious blend of client satisfaction, service excellence and strategic business growth.

(iii) Flexible Pricing Models

In recognition of the ever-evolving business landscape, the Group presents an array of flexible pricing models. These models are tailored to meet the diverse requirements of its clients, ensuring cost-effective and bespoke solutions.

The Group's pricing for services in the Corporate Segment is not fixed; it varies depending on several factors. These include the salaries of workers, which are determined by their profession, skills and competencies. Other considerations include allowances or benefits, Government fees such as visa and permit fees, work permits, medical insurance costs and, where applicable, insurance against medical malpractice for medical professionals. Additional factors influencing pricing are recruitment fees, including foreign recruitment agency fees, medical check-ups, travel tickets, job-specific risks and other costs such as return ticket expenses. The Group also incorporates its profit margin into the monthly costs of manpower resources and the size of the client is another influencing factor.

Through a balanced blend of competitive pricing, value-centric propositions and adaptable pricing frameworks, the Group solidifies its reputation as a reliable partner in the Corporate Segment. This approach underlines the Group's dedication to delivering exemplary service standards with the utmost transparency and economic feasibility.

4.9.1.2 Individual Segment Services

The Individual Segment services of the Group comprise the provision of a diverse range of house manpower resources, including housekeepers, drivers and personal assistants. This segment is divided into two primary sub-segments:

- **Individual Segment – Raha Mouqeemah:** This sub-segment contributes to the Group's revenue through contracts established with individual customers. The primary services catered in this segment include those related to domestic workers, cleaners, private drivers and personal assistants, with accommodation provided by the customers. Generally, the invoices for services within this sub-segment are settled on a monthly basis or in advance. As of 30 September 2023G, the Group had 10,657 manpower resources allocated to the Individual Segment – Raha Mouqeemah.
- **Individual Segment – Raha Hourly:** This sub-segment generates revenue through services billed on an hourly basis to individual customers, predominantly focusing on domestic workers and cleaners. As of 30 September 2023G, the Group had 3,792 manpower resources dedicated to the Individual Segment – On-demand Service. The Group was the first company in the Kingdom to launch such services in 2014G.

For detailed insights into the Group's manpower resources by specialisation, see Section 4.9.3 (*Manpower Resources*). In the financial years concluding on 31 December 2020G, 2021G and 2022G, and during the nine-month period ended 30 September 2023G, the revenue generated from the Individual Segment – Raha Mouqeemah accounted for 16.9 per cent., 15.2 per cent., 16.4 per cent. and 19.3 per cent., respectively, of the Group's total revenue for the same periods. Concurrently, the revenue from the Individual Segment – Raha Hourly represented 9.6 per cent., 14.1 per cent., 12.9 per cent. and 12.0 per cent., respectively, of the Group's total revenue during the same periods.

a- Individual Customers

The Group's individual customers comprise private individuals who require a range of home services. In the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, the Group provided services to 71,751, 73,125, 87,378 and 83,377 individual customers, respectively, within the Individual Segment. This data underscores the Group's commitment to meeting the diverse and evolving needs of its individual customer base.

(i) Customer Profiles and Demographics

The Group has developed a comprehensive understanding of its individual customer profiles and demographics, enabling it to tailor services that resonate with their unique requirements and preferences. The individual customers from the Individual Segment - Raha Mouqeemah that use the contractual services have the following demographics characteristics:

- **Age:** Adults aged 25 to 60, encompassing young professionals, working parents and seniors who may need assistance with household chores.
- **Income Levels:** A wide spectrum, from middle-income families to higher-income households, with a pricing structure requirement that accommodates various budgets.
- **Location:** Primarily urban and suburban areas in the Kingdom, including major cities such as Riyadh, Jeddah, Dammam and their surrounding regions.
- **Family Composition:** Predominantly families with need for services tailored to diverse family structures.
- **Lifestyle and Needs:** Customers with a shared need for reliable, professional and convenient domestic services often due to busy work schedules or family commitments.
- **Cultural and Demographic Factors:** Both Saudi nationals and expatriates, reflecting the multicultural nature of the Kingdom, with services adapted to cultural and religious considerations.

(ii) Customer Engagement Strategies

To foster robust relationships and loyalty, the Group has implemented innovative customer engagement strategies. These strategies are designed to enhance customer satisfaction and encourage repeat business, thereby solidifying the Group's position in the market. The engagement strategies include:

- **User-Friendly Mobile App Raha:** Launched in 2016G, Raha was the first app of its kind in the Kingdom, available on various platforms. It allows customers to easily book, schedule and pay for services, playing a significant role in driving revenue for the individual sector. The app offers a variety of self-service options for contract management, catering Raha Mouqeemah and Raha Hourly Segments.
- **Tele-sales:** A sales approach that involves direct communication with potential customers over the phone, providing a personal touch. The Group's dedicated tele-sales department, staffed by professionals, engages clients to understand their needs and offers tailored solutions. It plays a crucial role in promoting and selling new services and managing contract renewals for Raha Mouqeemah Segment.

- **Branch Sales:** As of 30 September 2023G, the Group operated nine branches, enhancing its physical presence in key cities. This network of branches significantly boosts the Group's accessibility and local engagement with customers, complementing its digital and telephonic sales channels.
- **Customer Support:** The Group provides comprehensive support, available around the clock, to promptly address customer inquiries and concerns. This dedication ensures a seamless and responsive customer experience, reflecting the Group's commitment to high-quality service and client care.
- **Customer Satisfaction Guarantee:** The Group's steadfast commitment to customer satisfaction is evident in its proactive approach to addressing any service issues. Prompt and effective solutions are provided to ensure customer satisfaction, reinforcing the Group's reputation for reliability and trustworthiness.
- **Regular Communication:** The Group actively keeps customers informed and engaged through regular updates on social media and phone calls. This communication strategy includes sharing promotions, service updates and relevant information, ensuring customers are well-informed and connected with the brand.
- **Customer Feedback Loop:** The Group places significant emphasis on customer feedback, actively collecting and valuing it through feedback surveys and periodic customer satisfaction assessments. This feedback loop is vital in continuously improving service quality and adapting to evolving customer needs and preferences.
- **Loyalty Programme:** The Group's loyalty programme is designed to deepen customer engagement, offering points for interactions and purchases. This programme not only rewards customers with exclusive benefits but also provides valuable insights into customer preferences, contributing to the Group's sustained success and stronger brand connection in the market.

By understanding and catering to the specific profiles and preferences of individual customers and through targeted engagement strategies, the Group not only meets but often exceeds customer expectations, nurturing loyalty and trust.

b- Individual Manpower Resources Recruitment Process in the Kingdom

The Group's comprehensive recruitment and management strategy encompasses a comprehensive approach, ensuring seamless integration of individual manpower resources from their procurement to post-deployment support. This multi-faceted process begins with the careful procurement and management of visas, ensuring a legally compliant and efficient entry of personnel into the Kingdom. The selection and recruitment phase follows, characterised by a robust and tailored approach that caters to both the Individual Segment – Raha Mouquemea and Individual Segment –Raha Hourly. Upon arrival, manpower resources are greeted with a well-structured support system, facilitating their smooth transition into the Kingdom.

The Group's commitment to excellence is further evident in its extensive training programmes, designed to enhance both technical and soft skills. Skill enhancement programmes are tailored to the needs of the workforce, ensuring they are up-to-date with industry requirements and standards. Workshops empower manpower to acquire knowledge and skills in their specific domains, encompassing both theoretical training and practical skill development within fully immersive simulation environments. The Group provides unfettered access to a Learning Management System (LMS). Soft skills development is also prioritised, with comprehensive training in communication, time management and a concentrated focus on other core workplace skills integral to the Individual Segment's training programmes, such as problem-solving, teamwork and customer service excellence. Continuous learning and upgradation plans support the workforce in their quest for knowledge and improvement, adapting to changing workplace dynamics. Additionally, adaptability and cultural training are provided to help the workforce integrate into the culture and work environment in the Kingdom, including language courses, cultural sensitivity programmes, and guidance on local customs and practices.

The deployment process is diligently managed, ensuring that manpower resources are matched with suitable customers, while the post-deployment support underscores the Group's dedication to the retention and professional growth of its manpower resources. Collectively, these efforts demonstrate the Group's firm commitment to delivering exceptional service while promoting a supportive and enriching work environment.

The Group's recruitment and staffing of manpower resources from various countries for its individual customers encompasses the following key processes:

(i) Procurement and Management of Visas

The Group maintains an inventory of visas for individual manpower resources such as housekeepers, drivers and personal care assistants and requests visa quotas from the MHRSD when required. As of 30 September 2023G, the number of visas available to the Group in the Individual Segment – Raha Mouqeemah and Individual Segment – Raha Hourly were 9,450. The inventory of visas for these segments is distinct from the inventory for the Corporate Segment.

The Group determines the number, nationalities, professions and gender for visas based on various 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 recruitment 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 request the allocation of visas through the MHRSD system, stating the number of visas required along 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. The maximum number of visa applications is subject to certain limitations, such as meeting certain KPIs.

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 process of individual manpower resources varies according to the manpower resources recruited for the Group's Individual Segment – Raha Mouqeemah and Individual Segment – Raha Hourly. In the Individual Segment – Raha Mouqeemah, the Group leverages its extensive network of foreign recruitment agencies to meticulously select and recruit manpower resources. For the Individual Segment – Raha Hourly, the recruitment strategy is augmented to include comprehensive interviews and direct negotiations of employment terms, ensuring a more personalised approach. Typically, this selection and recruitment process is efficiently completed within an average of 15 days. Throughout these procedures, stringent selection criteria are applied to ensure a high-level match to job specifications, aligning closely with the Group's commitment to service quality standards. This thorough approach guarantees that the manpower resources are not only skilled but also perfectly suited to meet the specific needs of the customers and the high standards set by the Group.

(iii) Arrival and Post-Arrival

Upon arrival in the Kingdom, manpower resources are met at the airport and transferred to the Group's housing. The Group completes all their arrival processes, including undergoing medical examinations, obtaining residence permits (Iqamas) and receiving medical insurance, bank accounts, ATM cards and SIM cards. A mandatory orientation is conducted for manpower resources upon their arrival in the Kingdom, during which they are informed of legal requirements, cultural aspects and the services available to them while being deployed.

(iv) Training

The Group's comprehensive training programme is purposefully designed to elevate the competency and expertise of its workforce. Spanning approximately three to six days, these sessions are instrumental in refining the skillsets of various professionals within the manpower pool. The curriculum not only covers the fundamentals of personal hygiene and safety protocols but also includes a focus on soft skills, such as communication skills, basic knowledge of the Arabic language and practical housekeeping sessions. It extends to teaching techniques in maintaining high cleanliness standards. The personal assistants training programme specifically covers the elderly and baby care, ensuring a well-rounded education for those in caretaking roles. This investment in training underlines the Group's dedication to excellence, equipping their personnel with the knowledge and skills necessary to provide top-tier services aligned with the specific demands of the Saudi market.

(v) Deployment

The deployment process varies according to the sub-segments:

- **Individual Segment – Raha Mouqeemah:** the deployment process is more structured, geared towards long-term employment. Candidates undergo a thorough matching procedure to ensure alignment with the customer's long-term needs and expectations. Upon selection, they are integrated into their roles with a clear trajectory for progression and a robust support system to aid in their acclimatisation and retention over an extended period.
- **Individual Segment – Raha Hourly:** as this sub-segment addresses the need for short-term, immediate manpower requirements, offering customers a dynamic and quick response to their fluctuating demands, deployment is designed for flexibility and immediacy. Manpower in this sub-segment are prepped for rapid deployment, often with a broad skill set that allows for on-the-spot integration into a diverse array of tasks.

Both deployment strategies uphold the Group's standard for quality but differ in their approach to timing, commitment and the specificity of skill application, reflecting the nature of delivered services to the Group's customers. The Group ensures customers are family households and enters into contracts with them, after which manpower resources are assigned based on availability or placed on a waitlist. The Group's system will reject any request if it is beyond the geographical area covered. Customers execute contracts and pay the full amount in advance and manpower resources are then transported according to the schedule from the Group's housing to the customers' premises.

(vi) Post-Deployment Support

At the end of each month, the Group is responsible for making payroll payments directly into the bank accounts of its manpower resources. If 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. The Group commits to replacing manpower resources normally within the same day and in any case within a maximum of 30 days. The Group also supports its manpower resources by providing them with all the information and services they need and ensuring that they work in a safe environment. As of the date of this Prospectus, the Group is in compliance with its policy adopted in 2019G regarding the salaries, entitlements and benefits of its manpower resources in the individual segment. See also Section 4.9.4 (*Manpower Resources Relations*) for further information on payroll protection, workforce communication and satisfaction, healthcare and medical support, accommodation, transportation and safety measures provided by the Group to its workforce.

c- Pricing Strategy

The Group implements a carefully crafted pricing strategy that is essential to its mission of providing customers with top-tier manpower services while ensuring both competitiveness and accessibility. This approach plays a pivotal role in attracting and retaining individual customers within the Kingdom.

(i) Cost-based Pricing

The pricing structure in the Individual Segment is largely determined by the costs involved in delivering professional domestic manpower. The expenses incurred for conducting background checks, health assessments and training are also factored into the pricing model. Additionally, overhead costs associated with customer support, technology and marketing are significant contributors to the overall pricing strategy.

As of 30 September 2023G, the pricing for the Individual Segment – Raha Mouqeemah and Individual Segment – Raha Hourly in the Kingdom was as follows:

- **Individual Segment – Raha Mouqeemah:** The average secondment service price ranged from SAR 2,062 to SAR 2,480 per month, influenced by the competence and salary of the worker.
- **Individual Segment – Raha Hourly:** The average service price varied from SAR 100 to SAR 128 per visit, depending on the competence and salary of the worker and the timing of the visit (morning/evening).

(ii) Discounts and Offers

The group extends a variety of discounts and promotional offers to boost its market position and incentivise customers to use of its services, including:

- **First-Time User Discounts:** New customers often benefit from a special discount on their initial service booking, motivating them to discover the convenience and excellence of Raha's services.
- **Subscription Packages (Multiple Visits):** Raha presents subscription packages for regular customers, offering reduced rates for hourly services when customers commit to frequent bookings.
- **Seasonal and Holiday Promotions:** Raha initiates promotions during special occasions and holidays, providing discounts and offers to make home cleaning services more budget-friendly during these periods.
- **Customised Offers:** Raha periodically devises offers tailored to customer needs and preferences, including discounts on specific services or bundled deals.

(iii) Price Regulation

The Group operates within the manpower industry subject to regulatory pricing ceilings on domestic workers' services from the Individual Segment, which are beyond Group's influence or control.

The MHRSD imposed caps on all revenue sub-segments within the Individual Segment, including Mouqeemah and hourly services, packaged services and sponsorship transfers. Specifically, effective from February 2023G, the MHRSD introduced a price cap for hourly and Mouqeemah services within the Kingdom and in August 2023G, a cap on fees an employer can charge for sponsorship transfers was established. These caps are likely to affect the Group's revenue growth and gross profits in the future.

In addition, pursuant to an agreement between the MHRSD and the Government of the Philippines, a minimum wage of SAR 1,500 per month is required for Filipino domestic workers, which is also Group's starting wage for resources from the Philippines, impacting the pricing strategy of the Group. Additionally, the Group faces risks should there be any regulatory changes that further reduce these caps. For further details, see Section 2.1.3 (*Risks Related to Pricing*).

In response to the price caps imposed by MHRSD on a range of domestic workforce services (and on selected nationalities), the Group implemented a series of strategic measures to mitigate the impact of these regulations on its revenue growth and overall profits. Among the most important of these strategies were to enhance workforce occupancy rates and improve operational efficiency through the implementation of some technological improvements and the re-engineering of a number of core processes and related work controls, which provides a significant competitive advantage. These measures have been effective in reducing the potential negative impact of price caps on the Group's profitability, and these proactive and adaptive strategies confirm the Group's commitment to maintaining its financial stability and market position in the face of regulatory challenges. For further details, see Section 4.3.9.1 (*Agile and Adaptive Responses to Economic and Regulatory Changes*) for a discussion of the Group's exceptional adaptability and strategic planning in a constantly evolving economic and regulatory environment.

4.9.2 Recruitment Agencies

Recruitment agencies are the principal source for the Group's manpower resources of various nationalities, backgrounds and levels of expertise. The Group utilises these agencies to search for and select qualified foreign manpower resources for both the Corporate and Individual Segments in a systematic manner that includes interviewing and testing. As of 30 September 2023G, the Group's overseas recruitment operation was anchored by a vast and robust network of more than 150 active agencies spanning over 40 sourcing countries. This expansive network plays a pivotal role in providing access to a diverse pool of talent and maintaining a formidable presence in the global recruitment landscape. The partnerships with these agencies are fundamental to the Group's ability to meet its clients' manpower needs effectively and efficiently, forming the backbone of its recruitment excellence.

The Group periodically reviews its list of approved foreign recruitment agencies, which undergo a rigorous appraisal process where their performance is measured against an array of criteria. This includes assessing historical client endorsements, the calibre of previously sourced manpower and their operational efficiencies. Communication fluidity, service excellence, processing agility and the state of agency facilities are also crucial metrics. Compliance with the regulatory framework of the Kingdom's embassies and consulates in the corresponding countries is imperative.

Moreover, the Group places significant emphasis on direct client testimonials concerning past collaborations, the standard of candidates' resumes and the overall efficacy of the interview proceedings. To ensure these standards are not only met but consistently exceeded, the Group conducts systematic on-site evaluations of these agencies. These visits serve a dual purpose: they assure service quality and help to solidify robust, enduring partnerships with these crucial links in the recruitment chain.

The following table sets out the details of transactions with the top five largest recruitment agencies that the Company deals within the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G:

Table 4.55: The Company's Top Five Largest Recruitment Agencies that the Company Deals Within the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Period Ended 30 September 2023G

Recruitment Agencies (1)	Type of Transaction	Value of Purchases (SAR million)	Percentage of the Total Cost of Purchases from External Suppliers	Independence of the Other Party
Financial Year Ended 31 December 2020G				
Recruitment Agency 11	Contractual	21.2	44%	Independent
Recruitment Agency 1	Contractual	12.7	28%	Independent
Recruitment Agency 10	Contractual	2.1	4%	Independent
Recruitment Agency 9	Contractual	2.0	4%	Independent
Recruitment Agency 8	Contractual	1.6	4%	Independent
Total	**N/A**	**39.6**	**84%**	**N/A**
Financial Year Ended 31 December 2021G				
Recruitment Agency 7	Contractual	19.1	20%	Independent
Recruitment Agency 3	Contractual	15.5	16%	Independent
Recruitment Agency 8	Contractual	10.8	11%	Independent
Recruitment Agency 6	Contractual	7.8	8%	Independent
Recruitment Agency 2	Contractual	7.7	8%	Independent
Total	**N/A**	**60.9**	**65%**	**N/A**
Financial Year Ended 31 December 2022G				
Recruitment Agency 1	Contractual	53.7	37%	Independent
Recruitment Agency 2	Contractual	29.2	20%	Independent
Recruitment Agency 6	Contractual	19.3	13%	Independent
Recruitment Agency 4	Contractual	14.2	10%	Independent
Recruitment Agency 5	Contractual	8.5	6%	Independent
Total	**N/A**	**124.9**	**85%**	**N/A**
Nine-Month Period Ended 30 September 2023G				
Recruitment Agency 1	Contractual	10.7	24%	Independent
Recruitment Agency 2	Contractual	8.4	19%	Independent
Recruitment Agency 3	Contractual	3.6	8%	Independent
Recruitment Agency 4	Contractual	3.4	7%	Independent
Recruitment Agency 5	Contractual	2.8	6%	Independent
Total	**N/A**	**28.9**	**64%**	**N/A**

Source: The Company.

(1) The external recruitment agencies' names have not been disclosed, due to the sensitive nature of that information.

4.9.3 Manpower Resources

The Group recruited manpower resources from over 40 different countries for all of its Corporate Segments. As of 30 September 2023G, the Group had around 35,958 manpower resources from different countries. This headcount does not include employees working for the Group (635 employees as of 30 September 2023G) and is limited to manpower resources recruited for the purposes of providing manpower resources services to third parties. As of 30 September 2023G, a significant portion, approximately 93 per cent., of the Group's foreign manpower resources were recruited from key countries, namely India, Indonesia, Uganda, the Philippines, Nepal, Bangladesh and Pakistan.

The following table sets out the details of the Group's manpower resources by nationality as of 31 December 2020G, 2021G and 2022G, and as of 30 September 2023G:

Table 4.56: The Group's Manpower Resources by Nationality as of 31 December 2020G, 2021G and 2022G, and as of 30 September 2023G

Nationality	As of 31 December			As of 30 September
	2020G	2021G	2022G	2023G
India	11,606	9,221	9,201	9,353
Indonesia	5,466	4,303	7,289	5,930
Uganda	2,917	6,515	6,825	5,922
Philippines	9,116	8,527	6,019	5,177
Nepal	4,608	3,632	3,423	2,927
Bangladesh	979	2,616	2,554	2,270
Pakistan	2,255	2,100	2,035	1,979
Other	2,254	2,570	2,541	2,400
Total	**39,201**	**39,484**	**39,887**	**35,958**

Source: The Company.

The following table shows the Group's average manpower resources by profession as of 31 December 2020G, 2021G and 2022G, and as of 30 September 2023G:

Table 4.57: The Group's Average Manpower Resources by Profession as of 31 December 2020G, 2021G and 2022G, and as of 30 September 2023G

Segment and Profession	As of 31 December			As of 30 September
	2020G	2021G	2022G	2023G
Corporate Segment				
Secretary	991	643	523	420
Technician	3,484	2,448	2,411	2,204
Private Driver	771	759	1,558	1,187
Ordinary Worker	12,430	10,639	12,235	11,519
Restaurant Worker	5,721	5,623	4,896	3,790
Coordinator	539	399	367	327
General Nurse	835	1,034	1,221	1,082
Engineer	418	362	351	331
General Accountant	33	26	14	10
Other	2,210	1,438	1,248	1,094
Corporate Segment Total	**27,432**	**23,371**	**24,824**	**21,964**
Individuals Segment (Mouqeemah and On-demand Service Combined)				
Domestic Worker	14,982	12,163	14,087	13,695
Private Driver	2,342	1,607	1,233	985
Personal Care	355	425	529	484
Other	611	456	373	269
Individual segment total	**18,290**	**14,651**	**16,222**	**15,433**
Total (Corporate & Individual)	**45,722**	**38,022**	**41,046**	**37,397**

Source: The Company.

4.9.4 Manpower Resources Relations

The Group champions the comprehensive welfare of its manpower resources, providing an ecosystem that ensures their health, safety and comfort. Central to this endeavour is a robust medical care framework, with extensive health check-ups and solid insurance partnerships, affirming a commitment to health and safety. The accommodation strategy is equally thoughtful, with housing situated to minimise transportation and designed for comfort, compliant with Government standards and endowed with amenities, such as kitchens, educational programmes healthcare services and transportation for various needs. The transportation fleet is a testament to operational excellence, featuring a range of well-maintained vehicles and supported by detailed safety protocols and strategic route optimisation. Furthermore, a resolute stance on safety and security is embodied in stringent on-site measures and crisis management plans, ensuring a safe, secure and responsive work environment that caters to the diverse needs of the manpower.

In driving excellence and growth, the Group's manpower welfare strategy is a pivotal element in reshaping the manpower industry's image within the Kingdom. By actively listening and responding to employee needs, the Group elevates internal morale and projects a progressive image, challenging the industry's traditional negative perceptions. This strategy, rooted in the Group's core values, sets a benchmark for ethical and empathetic industry practices. The benefits of this approach are twofold - it not only improves manpower's quality of life but also raises the bar for industry standards. Consequently, the Group is at the forefront of pushing for significant industry changes that value the human element of the manpower. This forward-thinking mentality attracts superior talent and cultivates firm commitment, enhancing the Group's reputation for integrity and positively impacting clients, stakeholders and the wider community.

4.9.4.1 Payroll Protection

The Group's dedication to its manpower's well-being is manifested through its structured payroll protection policies for both Corporate and Individual Segments. It oversees a precise payroll management protocol, ensuring manpower receive their salaries punctually. Clients are obligated to submit daily timesheets to facilitate this process, with payment terms set at an average of five days following invoice issuance for corporate clients other than key corporate clients. Notably, for the Corporate Segment workforce, the Group guarantees salary transfers within five days after the month concludes. For the Individual Segment workforce, the Group guarantees salary transfers within before the end of each month. This robust framework aligns with the MHRSD and the Wage Protection System, providing for timely and fair wage distribution.

4.9.4.2 Workforce Communication and Satisfaction

The Group has cultivated a transparent and robust communication channel with its manpower through the innovative use of the WAFI360 mobile application and multilingual contact centre. This technological advance enables a direct and efficient exchange between manpower and the relevant divisions within the Group, ensuring that manpower concerns are addressed swiftly and effectively. Recognising the value of feedback, the Group also conducts yearly surveys to gauge manpower sentiment, adapting its practices to meet the evolving needs of its staff. These insights not only drive continuous improvement within the Group's operations but also bolster the strategy of synchronising manpower satisfaction with client expectations. The Group's proactive approach to engagement demonstrates a deep commitment to cultivating a nurturing and responsive work environment, which is instrumental in boosting manpower morale and enhancing productivity.

4.9.4.3 Enhancing Manpower Experience through Recognition and Rewards

In the Individual Segment, a range of initiatives deployed by the Group underscores its efforts to enhance the quality of life and satisfaction for its manpower. These include salary increments for manpower upon contract renewal every two years, performance-based rewards influenced by client feedback and personalised engagement gestures, such as birthday SMS messages and public recognition of top-performing workers in company ceremonies. Such initiatives are representative the Group's pledge to create a supportive and appreciative work culture.

4.9.4.4 Healthcare and Medical Support

The Group prioritises the health and safety of its workforce, acknowledging that their well-being is fundamental to operational success. To this end, it offers extensive health check-ups, ensuring early detection and prevention of potential health issues, through the on-site health clinic dedicated for manpower resources. Recognising the importance of reliable medical support, the Group has forged partnerships with esteemed insurance providers, guaranteeing that its manpower benefit from medical coverage. This comprehensive healthcare initiative reflects the Group's deep-seated commitment to promoting a healthy work environment, providing its manpower with peace of mind and affirming its role as a responsible.

4.9.4.5 Housing

The Group is dedicated to providing its workforce with accommodations that blend comfort, convenience and compliance with Government regulations. By strategically choosing locations close to work sites, the Group minimises commute times and enhances accessibility. These accommodations, designed with the well-being of manpower in mind, feature a range of top-tier amenities. These carefully selected facilities cater to the daily needs of the workforce, supporting a nurturing environment and elevating the overall quality of living for manpower. Key amenities include:

- **Kitchen Facilities:** The accommodations feature fully equipped kitchens with modern appliances for the convenience of the workforce.
- **Education and Training:** Access to educational training programmes is provided, supporting the workforce's development and skill enhancement.
- **Healthcare Services:** On-site health clinics at the accommodations offer health screenings, prioritising the well-being of the workforce.
- **Transportation Services:** Transportation services for various needs, such as shopping trips and embassy appointments, are provided.
- **Dining Facilities:** Dining areas and with essential amenities offer a comfortable environment for relaxation and socialisation.

a- Corporate Segment

In Riyadh, the Group operated as of 30 September 2023G a prominent facility in Al Arid. It is a model of accommodation excellence, featuring 15 buildings with 556 rooms and 12 workshops spread over 9,000 square meters, with a capacity of more than 3,500 individuals. It is equipped to provide comprehensive support to the manpower, including producing an impressive 18,000 meals daily from its central kitchen. The facility stands out not only for its size and amenities but also for its commitment to the well-being and development of the workforce. It conducts over 500 monthly worker evaluations across six different criteria and offers training to individuals from four different nationalities in three languages. This facility serves multiple purposes, including post-arrival procedures and orientation programmes before deployment to clients. It also accommodates manpower resources awaiting a new deployment or those preparing to exist the Kingdom. This approach is reflective of the Group's commitment to promoting a multicultural and inclusive environment.

Furthermore, the Al Arid facility is designed to simulate a complete Saudi household for practical training, ensuring that workers are well-prepared for their roles before deployment. The facility is also equipped with advanced medical services, managed 24/7, including a full laboratory, experienced medical staff and dedicated facilities for infectious disease isolation. This comprehensive medical support ensures the health and well-being of the residents, demonstrating the Group's dedication to providing a safe and supportive living environment for its workforce.

b- Individual Segment – Raha Mouqeemah and Raha Hourly

As of 30 September 2023G, the Group maintained 51 accommodation centres across the Kingdom with a capacity of more than 5,000 individuals, providing comfortable and convenient living environments for the manpower in the individual segment - Raha Mouqeemah and Raha Hourly.

4.9.4.6 Transportation Fleet

The Group's transportation infrastructure plays a pivotal role in its operations, characterised by a well-maintained and diverse fleet, rigorous safety standards and a commitment to accessibility. This comprehensive approach ensures seamless and efficient transportation solutions, underpinning the Group's operational excellence.

a- Fleet Size and Types of Vehicles

As of 30 September 2023G, the Group operated a transportation fleet of 651 vehicles, distributed thoughtfully across various departments and locations for efficient and reliable transportation solutions.

Types of vehicles as of 30 September 2023G:

- **Buses:** 519 buses were primarily used for individual and corporate worker transportation within and between cities.
- **Sedans:** A fleet of five sedans served various purposes, including training and general transportation.
- **SUVs:** Four sport utility vehicles (SUVs) were used for executive travel and off-site visits and.
- **Cargo Vans:** 120 cargo vans were tailored for courier and delivery services.
- **Pickups:** Three pickups were utilised for transporting equipment, materials and logistics.

b- Regular Maintenance and Safety Checks

Dedicated to ensuring the utmost reliability and adherence to safety standards, the Group allocates significant resources to the upkeep of its fleet. This involves a comprehensive maintenance strategy that includes scheduled servicing in line with manufacturers' guidelines, proactive preventive checks to foresee and rectify potential issues and, immediate emergency responses for unforeseen breakdowns and stringent safety inspections encompassing key components such as brakes, tires and lights.

c- Accessibility and Transport Provisions

The Group is resolute in its commitment to enhancing transportation accessibility and efficiency. This involves a strategic expansion and optimisation of routes, focusing on increasing fuel efficiency, reducing overall mileage and shortening trip durations. Such efforts not only improve service and delivery but also extend the Group's reach, enabling it to serve a wider array of communities and respond effectively to evolving transportation needs.

4.9.4.7 Safety and Security

The Group demonstrates firm commitment to safety through stringent on-site safety protocols, including access control, emergency procedures, fire safety and medical facilities. Complementing this, comprehensive crisis management and emergency response plans are in place, ensuring preparedness and swift action to maintain a secure and responsive working environment for all.

a- On-site Safety Protocols

The Group's commitment to a safe working environment is evidenced by its comprehensive on-site safety protocols for its facilities. These measures include stringent access control systems to regulate entry and exit, ensuring that only authorised individuals have access. Detailed emergency evacuation procedures are in place, with clear markings for evacuation routes and assembly points. Fire safety is a priority, with well-positioned fire extinguishers and alarms, complemented by regular fire drills. First aid stations and medical facilities are readily available across the premises. The Group strictly adheres to Government regulations, conducting regular audits for compliance. Additionally, trained security personnel are stationed on-site to monitor activities and provide assistance.

Integral components of these protocols include:

- **Access Control:** The Group's premises are equipped with advanced access control systems, meticulously regulating entry and exit. This ensures that only authorised individuals gain access, upholding the Group's commitment to uncompromised security.
- **Emergency Evacuation Procedures:** The Group has instituted detailed emergency evacuation procedures in the main accommodation hub, with clear markings delineating evacuation routes and assembly points. All employees undergo periodic training on these procedures, ensuring preparedness in the face of emergencies.
- **Fire Safety:** The Group places a high priority on fire safety. Fire extinguishers and alarms are strategically positioned and regular fire drills are conducted to foster prompt and coordinated responses in case of fire emergencies. In its accommodation centres, fire alarm systems are installed in 32 buildings, with installations underway in an additional six buildings. Fire extinguishers are readily available in all accommodations, with an electronic tracking report maintained for monitoring and maintenance purposes. In the main accommodation hub, all 15 buildings are equipped with fire alarm systems and fire extinguishers are accessible in all accommodations, supported by comprehensive monitoring and tracking systems. Additionally, the Group is actively planning to implement fire drills at the Al Arid location, further strengthening its commitment to safety and preparedness across all its facilities. This proactive approach to fire safety underscores the Group's dedication to ensuring a secure environment for its workforce and property.
- **First Aid and Medical Facilities:** Recognising the importance of immediate medical care, the Group has established readily available first aid stations across its premises. Trained personnel are on standby to provide prompt assistance, emphasising the Group's commitment to health and safety.
- **Regulatory Compliance:** The Group is consistent in its adherence to Government regulations. Regular audits are conducted to ensure full compliance, reflecting the Group's dedication to maintaining a safe and compliant operational environment.
- **Security Personnel and Systems:** The Group employs trained security personnel who are stationed on-site, in addition to a CCTV system. Their role involves monitoring activities, responding to security incidents and providing assistance to visitors and manpower, reinforcing the Group's emphasis on a secure environment.

These measures collectively illustrate the Group's firm commitment to creating and maintaining a safe and secure working environment.

b- Crisis Management and Emergency Response Plans

In addition to the Group's commitment to a safe working environment is evidenced by its comprehensive on-site safety protocols, detailed emergency evacuation procedures are also in place, with clear markings for evacuation routes and assembly points. Fire safety is a priority, with well-positioned fire extinguishers and alarms, complemented by regular fire drills. First aid stations and medical facilities are readily available across the premises.

4.9.5 Information Technology

In the rapidly evolving digital landscape, the Group has strategically positioned itself at the forefront of technological advancements to enhance operational efficiency and client satisfaction. This commitment is evident through the deployment of sophisticated tools and platforms:

- the Group utilises **Microsoft Dynamics 365 Finance and Operations** as an Enterprise Resource Planning (ERP) System, integrating critical business functions to streamline operations;
- the innovative **ROWAD app**, tailored for SMEs, simplifies manpower resource selection and deployment while offering a user-friendly and accessible interface;
- the user-friendly mobile **Raha app**, allowing customers to easily book, schedule and pay for services, playing a significant role in driving revenue for the individual sector. It offers a variety of self-service options for contract management, catering to Raha Mouqeemah and Raha Hourly services; and
- the Group's comprehensive **web portals**, including the Clients' Web Portal, Recruitment Agencies Web Portal and the Employee and Manpower's Web Portals (WAFI), provide tailored solutions for efficient management and communication.

Integrating advanced technologies like AI and RPA, the Group optimises HR operations and enhances the efficiency and accuracy of its services. This synergy of cutting-edge tools streamlines internal processes and improves client experiences.

Underpinning all these advancements is the Group's dedication to data protection and IT security. With all services hosted in a secure data centre and continuous investments in cybersecurity, the Group safeguards the confidentiality and integrity of client and employee data.

4.9.5.1 Enterprise Resource Planning and Management (ERP) System

The Group harnesses the power of advanced Enterprise Resource Planning (ERP) systems, namely Microsoft Dynamics 365 Finance and Operations, to boost operational efficiency and agility. This ERP system offers a cohesive integration of diverse business modules such as financials, recruitment and manpower management. This integration not only optimises the Group's operations but also benefits clients and the workforce by streamlining processes.

4.9.5.2 ROWAD (Smart Mobile App)

ROWAD, the Group's innovative smart mobile app, caters exclusively to small and medium-sized enterprises (SMEs), simplifying their search for the right manpower and resources. The app's unique features include:

- **Streamlined Candidate Selection:** ROWAD offers a user-centric platform where SMEs can quickly and efficiently browse through a curated selection of skilled professionals, ensuring the right fit for their unique business needs.
- **Swift Service Charges Payment:** The app facilitates a seamless and transparent financial transaction process, allowing SMEs to pay service charges effortlessly, fostering trust and ease in financial dealings.
- **Rapid Deployment:** ROWAD significantly shortens the timeline between candidate selection and deployment, enabling SMEs to quickly fill critical roles and maintain business continuity.
- **User-Friendly Interface:** Designed with simplicity in mind, ROWAD's intuitive interface ensures SMEs can navigate the app with ease, making the process of finding the right candidates more efficient and less time-consuming.
- **Accessibility and Convenience:** Available on both Android and iOS platforms, ROWAD offers unparalleled accessibility, allowing SMEs to manage their manpower needs remotely and conveniently, regardless of their location or device preference.
- **Integration of Brand Identity:** The app not only serves as a functional tool but also embodies the Group's core values and commitment to excellence, reinforcing the brand's identity and nurturing a sense of trust and reliability among its users.

4.9.5.3 Web Portals

The Group has established four comprehensive web portals, each tailored to specific users:

a- Clients' Web Portal

The Group's Clients' Web Portal stands as a testament to technological innovation, providing clients with a comprehensive digital platform for efficient account management. This intuitive portal allows clients to manage essential functions like Timesheets, Manpower's payslips and invoices with unparalleled ease. Designed for convenience, it eliminates the need for physical visits, offering a streamlined experience that saves time and resources. Its user-friendly interface and secure access ensure that clients can manage their interactions with the Group efficiently, fostering a seamless and transparent relationship that enhances client satisfaction.

b- Recruitment Agencies Web Portal

The Recruitment Agencies Web Portal is a sophisticated web-based solution that connects the Group with its network of approved recruitment agencies. This portal is pivotal in facilitating a seamless international recruitment process, enabling agencies to manage and coordinate job postings and candidate selection efficiently. It provides a centralised platform for tracking requests, streamlining communications and ensuring a consistent recruitment standard. By cultivating a collabourative environment, this portal enhances the effectiveness of the recruitment process, ensuring that the Group can access a diverse and qualified pool of manpower resources.

c- Employee Service Web Portal (WAFI)

WAFI, the Group's Employee Service Web Portal, is a dynamic mobile application designed to empower employees by providing them with a self-service platform. It allows employees to independently manage various aspects of their professional lives, including leaves, loans, tickets, approvals and the ability to print payslips. The application also enables employees to update and maintain their profiles efficiently. WAFI is a reflection of the Group's commitment to employee autonomy and engagement, offering a user-friendly interface that simplifies administrative tasks and enhances the overall employee experience.

d- Manpower's Web Portal (WAFI)

The Workers' Web Portal, WAFI, mirrors the Employee Self-Service Web Portal in functionality, extending its benefits to the Group's manpower. It empowers them by providing them with the tools to independently manage essential aspects, such as vacation, loans, tickets and approvals. Manpower can also access their payslips and maintain their profiles through this convenient mobile application. WAFI is instrumental in promoting worker independence and streamlining administrative processes, ultimately contributing to a more engaged and self-sufficient manpower within the Group.

4.9.5.4 Data Protection

The Group understands the critical importance of data protection and IT security. All services are hosted in the Group's secure data centre and continuous investments are made in system upgrades, infrastructure and security protocols to protect data from destruction, theft, fraud or abuse. The Group's commitment to cybersecurity is a testament to its dedication to maintaining the confidentiality and integrity of client and manpower data. These efforts reflect the Group's proactive approach to mitigating risks associated with cybersecurity attacks and ensuring the security and reliability of technology systems. See also Risks 2.1.22 (*Risks Related to the Inability to Adequately Maintain the Confidentiality and Integrity of Client and Employee Data*) and 2.1.23 (*Risks Related to the Reliance on Information Technology Infrastructure*) for a discussion of certain risks relating to data protection and IT security.

The Group's state-of-the-art IT architecture is a critical component of its strategy to lead in the manpower industry. This architecture includes advanced technologies such as AI and RPA to enhance manpower operations, digital products like the Raha app for home services and data-driven decision making for strategic insights. The integration of technology into core business functions and the focus on cybersecurity and data protection are pivotal in maintaining operational efficiency and client satisfaction. See also Paragraph (c) from Section 4.3.7 (*State-of-the-Art IT Architecture*) for further details on the Group's strengths in relation to the state-of-the-art IT architecture.

4.9.6 Customer Experience

The Group's commitment to customer satisfaction is prominently showcased through its customer experience capabilities. The Group's dedicated customer experience arm, Terhab Customer Experience Company, alongside the Customer Experience Operations Departments, has proficiently managed on average over 1 million customer interactions yearly and resolved more than 2 million cases up to 30 September 2023G since inception. Through comprehensive survey forms and detailed feedback analysis, including Root Cause Analysis and pain-point assessments, the Group continuously refines its services, highlighting its dedication to responsive and culturally sensitive support. These interactions are handled by more than 100 agents and employees in over 14 languages, underscoring the Group's recognition of the diverse linguistic needs of its client base.

This robust customer service framework is reinforced by state-of-the-art communication tools and a team of multilingual professionals. These teams handle with ease a broad range of inquiries and also excel in providing a seamless, empathetic service experience. The Group's commitment to customer experience extends beyond immediate problem-solving. It includes actively soliciting feedback through surveys and other channels, allowing for a dynamic and responsive adaptation to customer needs and expectations.

Such extensive and proactive customer experience management plays a crucial role in upholding the Group's esteemed reputation for excellence. It showcases the Group's dedication to not just meeting but exceeding the high standards of service required in various sectors, thus cementing its position as a leader in the manpower industry.

4.9.7 Quality of Services

At the heart of the Group's operations lies a persistent commitment to quality and client care. This commitment is evident in every facet of the Group's approach, from actively building strong relationships with clients to implementing meticulous quality assurance mechanisms. Through a multi-pronged feedback system, robust data collection methodologies and continuous engagement strategies, the Group ensures that client needs are not just met but exceeded. Additionally, comprehensive service manuals, including standard operating procedures and best practices, provide a foundation for consistent and superior service delivery. The quality assurance processes, encompassing self-assessment, peer review, design evaluation and rigorous auditing, further attest to the Group's dedication to maintaining the highest standards. This comprehensive approach to quality and client care solidifies the Group's reputation as a leader in service excellence, catering to both Corporate Segment and Individual Segment clients with a bespoke and exemplary service experience.

4.9.7.1 Client Care

Central to the Group's ethos is its commitment to client care, which forms the bedrock of its pursuit of excellence. The Group encourages a culture where strong, enduring relationships with clients are not just a goal but a standard practice. This is achieved by actively listening to their needs, addressing their concerns and continuously enhancing the services provided. This client-centric approach is a fundamental pillar in the Group's strategy, driving sustained growth and client loyalty and consisting of the following:

a- Feedback Mechanisms

The Group employs a multi-pronged approach to gather client feedback. This approach includes leveraging online reviews, testimonials, feedback forms and surveys. For corporate clients, feedback is regularly collected through structured client meetings and periodic check-ins, ensuring their voices are heard and acted upon. For individual clients, the Raha app serves as a conduit for gathering feedback through user-friendly forms and satisfaction surveys. This comprehensive feedback system is crucial for gauging client satisfaction and identifying areas for improvement.

b- Methodology and Data Collection

A data collection methodology is at the heart of the Group's approach to understanding client needs. This methodology combines qualitative and quantitative methods to ensure a comprehensive assessment of client feedback. Advanced analytics tools are employed to process and analyse the data, transforming raw feedback into actionable insights. This data-driven approach enables the Group to stay attuned to client needs and adapt its services accordingly.

c- Analysis and Improvement Plans

The Group places significant emphasis on the analysis of client feedback. Regular analysis helps identify trends and pinpoint opportunities for enhancing services. Based on these insights, structured improvement plans are developed and executed. This iterative process of feedback, analysis and improvement is key to the Group's commitment to service excellence. It ensures that services are not just meeting but exceeding client expectations.

d- Continuous Engagement Strategies

To maintain a strong connection with clients, the Group employs continuous engagement strategies. These include providing prompt customer support to address inquiries and concerns and utilising social media channels and targeted email campaigns for ongoing engagement. For corporate clients, dedicated client success managers are assigned to ensure continuous communication and effective issue resolution. These engagement strategies are tailored to different client segments, ensuring a personalised and effective approach.

e- Client Success Planning and Execution

Client-specific success plans are developed, encompassing performance metrics, key performance indicators and milestones. These plans are regularly reviewed and adjusted to remain aligned with client goals and industry developments. The Group continually assesses and updates its service offerings to adapt to changing client demands. Personalised service recommendations are tailored to individual user preferences, ensuring a bespoke experience.

4.9.7.2 Service Manuals

The Group's commitment to operational excellence is embodied in its rigorous standard operating procedures, which ensure consistency and quality across services. By continuously refining these standard operating procedures with industry best practices, the Group promotes a culture of excellence. Its Best Practices initiative promotes knowledge sharing and benchmarks against industry leaders to maintain exemplary service standards. The extensive quality assurance mechanisms encompass self-assessment, peer reviews and external audits, ensuring services meet the highest quality standards. This systematic approach to quality, from design to execution, positions the Group as a benchmark for quality and excellence in service delivery for both corporate and individual clients.

a- Standard Operating Procedures

The Group has developed comprehensive standard operating procedures that serve as a blueprint for consistency and quality across all services. These standard operating procedures are regularly reviewed and updated to ensure alignment with industry best practices and standards. Accessibility and comprehensibility of these standard operating procedures are prioritised, ensuring that all relevant staff are well-versed in these procedures.

b- Best Practices

Best practices in service delivery are diligently identified, documented and disseminated within the Group. This culture of knowledge sharing and continuous improvement ensures that the Group remains at the forefront of service excellence. Benchmarking against industry leaders is a routine practice, ensuring that the Group's services are not just competitive but exemplary.

c- Quality Assurance Mechanisms

The Group's extensive quality assurance framework is pivotal for consistently delivering products and services that exceed quality standards and client/customer expectations.

(i) Overview and Purpose

Quality assurance mechanisms are integral to the Group's operations. These mechanisms are designed to ensure that products, services and processes consistently meet predefined quality standards. The quality assurance processes are both internal and external, providing a comprehensive framework for quality management. The primary goal of these mechanisms is to eliminate errors, enhance service standards and ensure product quality, ultimately delivering greater value to customers.

(ii) Scope

The scope of the Group's quality assurance mechanisms is extensive. It includes self-assessment, peer review, design evaluation and security improvements. These components work in tandem to provide a comprehensive approach to quality assurance. Regular senior management reviews that the organisation's quality assurance system is continuously evolving and improving.

(iii) Quality Assurance Mechanisms

The quality assurance mechanisms employed by the Group include accreditation, certification and auditing. These mechanisms involve reviews by independent accrediting bodies and third parties, ensuring compliance with quality standards. Regular auditing helps identify areas for improvement, reinforcing the Group's commitment to quality.

(iv) Quality Assurance Process

The Group's quality assurance process is a crucial, comprehensive component of its operational framework, including all facets of its manpower service provision. This rigorous approach is pivotal in maintaining excellence from the initial selection of recruitment agencies to the ongoing development of the workforce. The quality assurance protocol involves periodic skills assessments, regular performance evaluations, and strict adherence to both the Group's internal benchmarks and the Kingdom's regulatory standards. These practices ensure that service delivery is consistently refined, meeting and anticipating client demands with precision. Such meticulous oversight not only meets but exceeds expectations, instilling a culture of distinction within the Corporate and Individual Segments served by the Group. The Group's commitment to quality is consistent, assuring that every service touchpoint and client interaction is of unparalleled quality.

4.9.8 Geographic Locations and Operations

The Group's headquarters is located at Riyadh. As of 30 September 2023G, the services for the Individual Segment – Raha Mouqeemah services are available in 96 cities and provinces, while Individual Segment - Raha Hourly available in 52 cities and provinces, through nine branches in eight major cities across the Kingdom and 51 service centres. No business or assets of the Group exist outside the Kingdom, except for the businesses concluded by Business Solutions Centre Private Limited Company, which is wholly owned by the Company indirectly. Business Solutions Centre Private Limited Company is established in India and currently being liquidated. For further details see Section 4.7.5 (*Businesses Solutions Centre Private Limited Company*).

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 30 September 2023G:

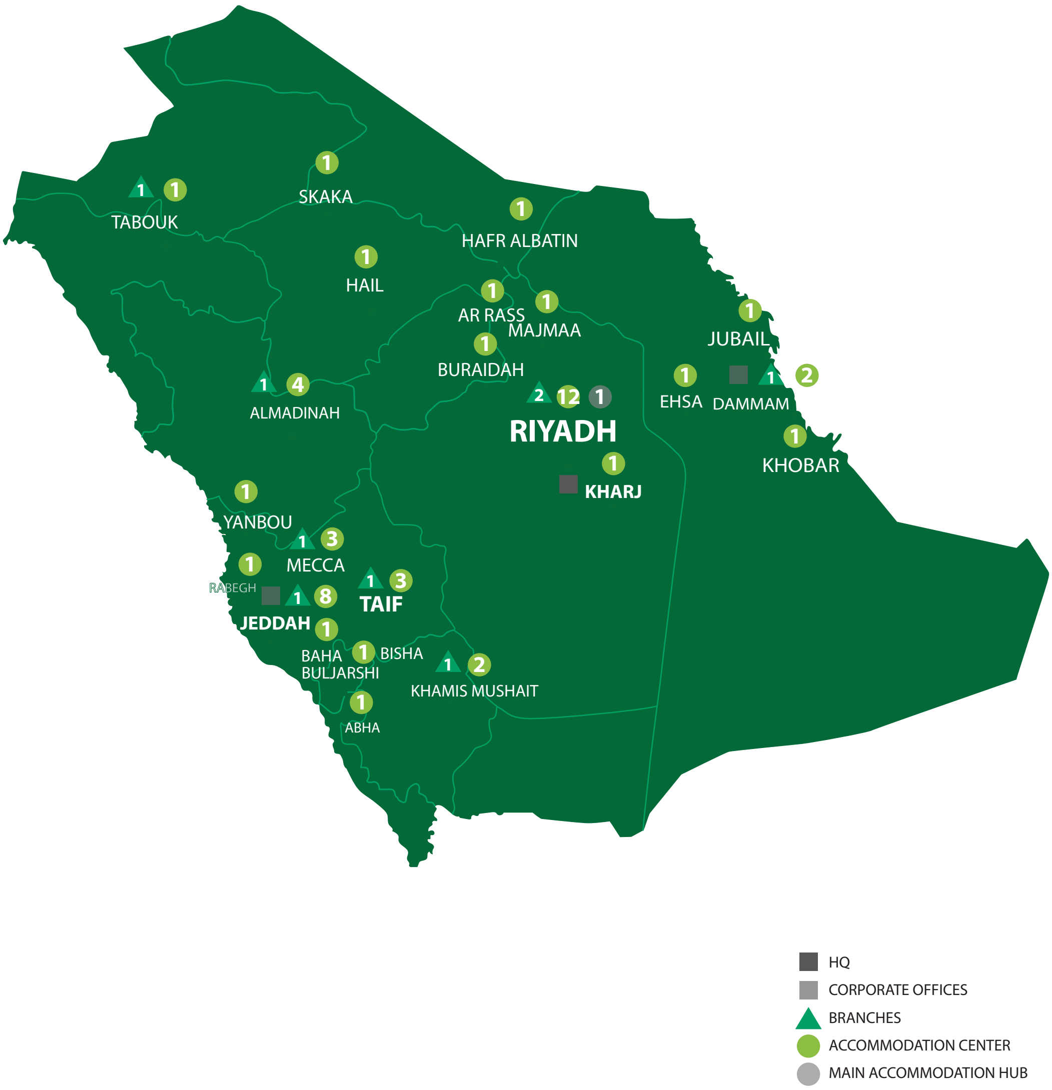
Table 4.58: Details of the Group's Geographical Presence as of 30 September 2023G

Branch	CR No.	Opening Date
Riyadh	1010370621	4 Jumada al-Akhirah 1434H (corresponding to 14 April 2013G)
Riyadh	1010374728	5 Rajab 1434H (corresponding to 15 May 2013G)
Dammam	2050105591	9 Rajab 1436H (corresponding to 28 April 2015G)
AL Madinah	4650078632	21 Rajab 1436H (corresponding to 10 May 2015G)
Tabuk	3550036348	2 Rajab 1436H (corresponding to 21 April 2015G)
Jeddah	4030282567	28 Rajab 1436H (corresponding to 17 May 2015G)
Makkah	4031100018	25 Sha'ban 1438H (corresponding to 21 May 2017G)
Al Taif	4032051573	26 Rajab 1438H (corresponding to 23 April 2017G)
Khamis Mushait	5850068558	24 Rajab 1436H (corresponding to 13 May 2015G)

Source: The Company.

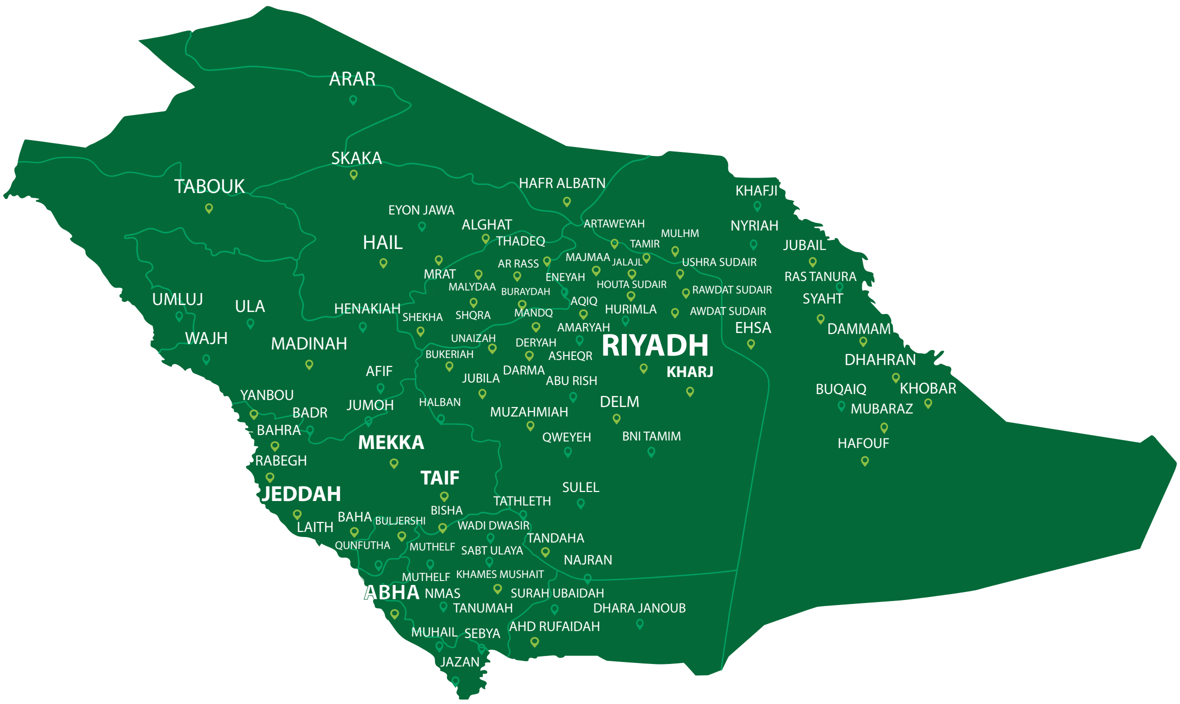
The following maps shows the geographic location of the Group as of 30 September 2023G:

Exhibit 4.2: Geographic Location of the Group as of the Date of this Prospectus



Source: The Company.

Exhibit 4.3: Geographic Location of the Group's Services



CORPORATE SERVICES ARE REACHABLE KINGDOM WIDE

ALL INDIVIDUAL SEGMENT SERVICES
MUQEEMAH SERVICE ONLY

Source: The Company.

The Group is dedicated to strategic expansion, grounded in a profound understanding of market dynamics and a commitment to delivering exceptional service. This expansion strategy is thoroughly crafted and focused on establishing a robust presence in key locations with the following strategic considerations:

- **Comprehensive Market Research:** The Group engages in extensive market analysis to uncover untapped opportunities and regions with significant demand for its services. Leveraging advanced analytics and data-driven insights, the Group assesses market trends, consumer behaviour and competitive landscapes. By employing predictive modelling techniques, the Group can anticipate future market needs and potential growth areas, positioning itself strategically for sustained expansion.
- **Targeted Regional Expansion:** Strategic locations for regional offices or hubs are carefully selected to ensure proximity to key markets and accessibility for clients. The Group implements phased expansion plans, prioritising regions with the highest potential for growth and return on investment. Operations in these regions are designed to be scalable, allowing for flexible adjustment based on market response and ensuring that resources are allocated efficiently.
- **Strategic Local Partnerships:** The Group forges alliances with local businesses, community leaders and industry organisations to gain invaluable insights and establish credibility in new markets. These partnerships are mutually beneficial, enhancing the Group's service offerings and providing local market expertise. Additionally, the Group engages in community-based initiatives to build trust and recognition within the region, fostering a positive reputation and laying the groundwork for long-term success.
- **Region-Specific Customised Services:** Recognising the importance of localisation, the Group analyses regional preferences and cultural nuances to tailor services that resonate with local clients. A diverse portfolio of services is offered, adapting to the unique economic, cultural and regulatory landscapes of each region. The Group continuously gathers feedback from regional clients to refine and innovate its service offerings, ensuring they remain relevant, competitive and aligned with the specific needs of each market.

Through these concerted efforts, the Group is not just expanding its geographical footprint but also deepening its understanding of diverse markets. This approach ensures the delivery of exceptional value and customised services that meet the evolving needs of each region, thereby solidifying the Group's position as a leader in its industry.

4.9.9 Sales and Marketing

In the realm of sales and marketing, the Group adopts a comprehensive and multi-faceted approach, underpinned by the aim to establish a compelling brand identity, utilise the power of client testimonials and engage in a blend of both online and offline marketing strategies. These initiatives are detailed as follows:

- **Brand Identity:** The Group meticulously crafts and maintains a cohesive brand identity, infused with unique values and missions across its different service arms.
- **Corporate Segment:** Positioned as the preeminent manpower solutions provider in Saudi Arabia, the Company is characterised by its bespoke corporate segment services, catering to the specific needs of diverse businesses.
- **Raha:** This segment is branded as the premier home services provider, with a strong emphasis on professionalism, quality and convenience, thus resonating deeply with individual clients.
- **Rowad:** Positioned as the innovative mobile app, Rowad is tailored to bridge small and medium-sized businesses with the right workforce, emphasising efficiency and technological innovation.
- **Client Testimonials:** The Group leverages the power of storytelling through client testimonials and success stories. These testimonials are strategically showcased across various platforms, serving as a testament to the Group's ability to deliver exceptional services and exceed client expectations.
- **Digital Campaigns:** The Group employs comprehensive digital marketing strategies, encompassing social media advertising, search engine optimisation, email marketing and influencer partnerships. These campaigns are designed to enhance brand visibility, drive client engagement and attract target customer segments.
- **Offline Campaigns:** In addition to its digital efforts, the Group actively participates in offline promotional activities. These include organising and attending trade shows industry events and exhibitions. Traditional advertising methods are also utilised to reach a broader audience.

From a sales perspective, the Group's operations are strategically managed from the Riyadh headquarters, supported by regional offices and branches that also function as sales points. The sales team is tasked with shaping and implementing strategies for achieving the Group's sales and operational objectives. This involves analysing regional sales information, identifying new clients and opportunities and forecasting market trends. Having a local presence through branch offices is pivotal in developing and maintaining rapport with key clients. This proximity enables the Group to better understand and adapt to the evolving needs and requirements of its clients, ensuring the delivery of services that meet and exceed expectations.

The Group's reputation as the lead manpower company in the Kingdom serves as a cornerstone of its marketing strategy. A comprehensive marketing strategy is developed annually, aiming to attract and retain target customer and client segments. The Group's commitment to maintaining its position and enhancing its reputation is reflected in its diverse marketing activities and participation in various events and exhibitions.

These concerted sales and marketing efforts are essential in driving the Group's growth, reinforcing its market position and ensuring the delivery of quality services. The strategic blend of online and offline initiatives, coupled with a strong focus on brand identity and client relationships, positions the Group as the undisputable leader in its field. See also Risk 2.1.18 (*Risks Relating to Quality of Services and Positive Reputation*) for a discussion of certain risks in connection with the Group's reputation.

4.9.10 Awards and Operational Achievements

The Group's journey of excellence and its position as an industry leader are illuminated by a series of prestigious achievements and recognitions, underscoring its continuous commitment to quality and excellence. These accolades not only validate the Group's operational excellence but also reinforce its stature as a provider of unparalleled services. Key achievements include:

- **Guinness World Record:** Raha, the distinguished home services brand under the Group's umbrella, is the proud holder of a Guinness World Record for conducting the largest simultaneous cleaning lesson. This remarkable feat is more than just a record; it's a powerful statement of the Group's dedication to promoting exceptional standards in domestic services. It highlights the brand's zeal for excellence and its commitment to enhancing the quality of services offered.
- **ISO 9001 Certification:** The Group has attained an ISO certification. This certification is a mark of distinction, illustrating the Group's dedication to operational excellence, sustainability and the sustainability of its operations.
- **Awards and Recognitions:** Beyond the Guinness World Record and ISO certifications, the Group has been the recipient of numerous industry awards and recognitions, including Forbes achievement award for CEO, SABIC recognition certificate, many Embassies recognition certificates and Children With Disability Association recognition certificate. These honours, bestowed by esteemed organisations and industry bodies, acknowledge the Group's innovative practices, service excellence and contribution to the industry's growth. These awards are a reflection of the brand's innovative spirit and its ability to set new benchmarks in service delivery.
- **Operational Milestones:** The Group's journey is marked by significant operational milestones that showcase its growth, expansion and the successful implementation of strategic initiatives. These milestones include the expansion of service offerings, the successful deployment of technology-driven solutions and the establishment of new partnerships that enhance service delivery and customer satisfaction.

These awards and certifications are not just symbols of honour. They serve as tangible evidence of the Group's relentless pursuit of excellence. They are reflective of the brand's ability to consistently deliver exceptional services, its dedication to upholding the highest industry standards and its commitment to driving innovation and improvement in every facet of its operations.

4.9.11 Social Responsibility

The Group is deeply committed to its social responsibility, recognising that its role extends beyond business operations to making a meaningful impact on society. This commitment is ingrained in the Group's corporate ethos and is reflected in various initiatives:

- **Community Engagement:** The Group actively engages with local communities to understand their unique needs and challenges. By closely aligning its initiatives with the specific needs of these communities, the Group ensures that its efforts address the most pressing issues in the regions it serves. This approach fosters a deep connection with local communities, enabling the Group to make a tangible and positive impact, including collaborating with Saudi banks on anti-fraud programmes to promote financial literacy and fraud awareness.
- **Economic and Social Development:** The Group conducts its business operations based on principles and values that align with societal interests. Beyond compliance with applicable laws, the Group takes proactive steps to improve the living standards of its employees and their families. The Group's activities contribute to the well-being of local communities, promoting sustainable economic and social development.
- **Employee Well-being and Inclusivity:** The Group places a strong emphasis on the well-being and inclusivity of its employees, recognising that a supported and valued team is integral to the success of the organisation. Initiatives are carefully curated to cover a broad spectrum of employee needs, encompassing health and wellness programmes, professional development opportunities and promoting a culture of inclusivity. These initiatives include organising breast cancer awareness sessions to promote health education and proactive care, supporting spiritual and cultural journeys such as Hajj and Umrah trips for personal fulfilment and providing access to fitness and recreational facilities to encourage a healthy work-life balance. This comprehensive approach to employee well-being not only enriches their lives but also cultivates a positive and productive work environment, reflective of a truly inclusive and caring corporate culture.

- **Philanthropic Efforts and Partnerships:** The Group actively participates in philanthropic efforts and forms partnerships with organisations that align with its social responsibility goals. These collaborations amplify the Group's impact, allowing it to contribute to causes and initiatives that make a meaningful difference in people's lives. Such initiatives include collaborating with Raha Al Khair, a programme dedicated to enhancing the quality of life for underprivileged individuals. Additionally, the Group is involved in supporting humanitarian associations focused on assisting people with special needs, including funding for the installation of artificial limbs, providing adaptive equipment for mobility and independence and sponsoring rehabilitation programmes.

Through these diverse yet interconnected initiatives, the Group demonstrates its commitment to social responsibility. By actively contributing to the betterment of society, the Group upholds its values and principles, fostering a positive and lasting impact on the communities it serves.

4.10 Overview of the Company's Departments

The Company has a number of administrative departments that support its various business activities.

The following is a brief description of the activities of the Company's departments:

4.10.1 Compliance Department

The Compliance Department is responsible for ensuring adherence to relevant laws, regulations and policies. This involves performing the necessary tasks, including identifying, addressing and tracking the evolution of compliance-related risks, analysing new policies, procedures and processes and recommending procedures for dealing with relevant compliance-related risks. The Compliance Department also collects compliance-related feedback, prepares written guidance for employees as needed and monitors compliance with supervisory and control regulations and legislation, ministerial decisions and directives related to recruitment activities.

4.10.2 Internal Audit Department

The Internal Audit Department appraises and oversees the execution of the internal control system, as well as ensuring that the Company and its employees adhere to applicable laws, regulations and guidelines along with the Company's own policies and procedures. The tasks of the Internal Audit Department include preparing and implementing a comprehensive audit plan approved by the Audit Committee and updating such plan on an annual basis. The Internal Audit Department also evaluates the procedures for controlling and supervising financial affairs, investments and risk management. Furthermore, the Internal Audit Department assesses the evolution of risk factors within the Company and current systems, in order to address drastic or unexpected changes. Moreover, the Internal Audit Department is responsible for developing a general written report detailing audits performed during the financial year and comparing it to the approved plan, citing the rationale for any divergence from such plan, if applicable, in the quarter succeeding the end of the relevant financial year. This written report must be presented to the Board of Directors and the Audit Committee.

4.10.3 Individual Segment Department

The Individual Segment Department formulates and implements business strategies for services rendered to customers under the Raha offering, supplying integrated domestic services to individuals across areas including sanitation, childcare and home healthcare. The Individual Segment Department is concerned with understanding and addressing customer requirements with the highest levels of quality and efficiency to ensure their satisfaction and loyalty by providing solutions and services suited to their needs. This is carried out through a range of departments responsible for supply and demand planning, performance and development monitoring and evaluation, operations management, contract management and training.

4.10.4 Corporate Segment Department

The Corporate Segment Department plans and implements business strategies to provide manpower solutions to the Company's corporate customers in diverse fields such as oil and energy, healthcare, contracting and restaurants. This department provides tailored solutions to fulfil corporate requirements pertaining to workforce procurement via an array of key activities including sales, business expansion, operation and client account administration. The responsibilities of the Corporate Segment Department entail administering corporate segment agreements by fulfilling customer contracting requirements. Qualified personnel also interact with prospective clients to provide an outline of the Company's offerings and ensure customer interest in utilising the services provided. Additionally, the Business Sector Department manages the supply and tracking of customer workforces by interfacing with customers, assessing the environment and accommodation of workforces, filling vacancies, handling customer and staff grievances, renewing workforce contracts and monitoring leave, along with collecting customer invoices.

4.10.5 Manpower Recruitment Department

The Manpower Recruitment Department seeks to analyse customer requirements and enlist suitable competencies from overseas. This Department is devoted to instituting extensive global relationships with recruitment agencies to guarantee client requirements are effectively addressed. The role of the Manpower Recruitment Department is to meticulously examine customer requirements and stringently systematise the selection of competencies based on criteria stipulated by customers, including screening resumes, interviewing and checking qualifications and experience. The Recruitment Department team also verifies that all enlisted competencies align with stipulated benchmarks in terms of skills and experience. The team also ensures that all competencies adhere to mandated safety and quality protocols within the workplace.

4.10.6 Manpower Affairs Department

The Manpower Affairs Department provides support services to the workforce from the time they join the Company, administers all legal paperwork and prepares accommodation for manpower. Additionally, it strives to resolve any issues the workforce may encounter through the provision of ongoing support and clear guidelines. The tasks of the Manpower Affairs Department tasks include receiving migrant workers to the Kingdom, providing assistance and amenities to new arrivals, welcoming them and updating them regarding applicable laws in the Kingdom, along with supplying them with a summary of the Department and the Company. It also provides training to competencies and clarifies customer work mechanisms.

4.10.7 Marketing and Corporate Communication Department

The Marketing and Corporate Communication Department strives to promote the Company's brand and accomplish its vision and mission in the market. The Marketing and Corporate Communication Department uses the latest means and methodologies to efficiently comprehend the requirements of the Company's customers and reach the target audience. It also ensures the delivery of high-quality products and services that meet customer expectations and consolidate the Company's position as a leader in the workforce solutions sector. In addition, the Marketing and Corporate Communication Department has a particular focus on building strong relationships inside and outside the Company through transparent and professional corporate communication.

4.10.8 Finance Department

The Finance Department is responsible for the development and implementation of financial and accounting policies and procedures in order to provide comprehensive financial and business information, thus facilitating the formulation of effective and evidence-based decisions. The primary duties of the Finance Department include strategic planning for the Company's financial needs and adhering to relevant standards, policies, laws and regulations. The Finance Department also aims to safeguard and optimise the utilisation of financial resources, mitigating potential financial risks for the Company and its Subsidiaries. Moreover, the Department is responsible for managing the accounts of suppliers and customers, as well as general accounts. Its responsibilities further include overseeing financial reports, preparing and monitoring budgets and expectations for both companies and Subsidiaries and providing insights into the financial status of each company to meet their cash requirements. The Finance Department also manages Zakat and tax affairs with ZATCA, monitors financial performance and manages costs.

4.10.9 Shared Services Department

The Shared Services Department provides support services to other departments in the Company and comprises three sub-departments:

- **Human Resources Department:** The Human Resources Department is concerned with enhancing the skills of human capital and increasing their satisfaction levels by implementing policies for talent attraction, selection, training, evaluation and incentivisation. Moreover, the Human Resources Department oversees reviews of and revisions to organisational structures and approved policies in accordance with changing business requirements. The Department also ensures the ongoing development and updating of job descriptions in line with the latest structural changes. Additionally, it formulates and enforces policies, procedures and programmes, including the Career Development and Succession Planning Programme, to facilitate the career progression of employees. The Department is also responsible for overseeing employee remuneration, benefits, promotions and incentive policies and procedures. Furthermore, it manages incentive plans, including annual bonus accounts.
- **Legal Department:** The Legal Department oversees the legal aspects of the Company's activities, formulates legal policies and procedures related to products and services, offers legal counsel to Senior Management, drafts contracts involving the Company or its Subsidiaries and supervises the execution and implementation thereof. Additionally, it monitors the progress of the Company's licences and records, the reservation of trade names, the registration of trademarks and administrative investigations and the issuance of agencies. The Legal Department also undertakes any other tasks as requested by Senior Management.

- **General Services Department:** The responsibilities of the General Services Department include a range of services that streamline the operational processes within the Company, including supplies, engineering and administrative services. In addition, the General Services Department is responsible for planning the procurement of materials and services pursuant to requests from the respective Subsidiaries. The Department also manages contracts with suppliers, vendors and other relevant parties. Furthermore, the General Services Department identifies dependable local and international suppliers, assessing their capacity to deliver on time and the quality of products or services at reasonable prices. Thereafter, the Department adds them to the list of approved suppliers. The General Services Department is also responsible for the management of maintenance contracts for the Company's facilities with Saudi Facilities Management Company (Saudi Marafiq), as well as the management of general services, such as cleaning, maintenance and equipping conference rooms, including audio-visual and all other required services, through meticulous planning, supervision and intervention.

4.10.10 Transformation and Strategy Department

The Transformation and Strategy Department comprises three sub-departments as follows:

- **Strategic Planning and Business Development Department:** The Strategic Planning and Business Development Department prepares and develops strategic planning processes, including updating and reviewing strategic plans. It also identifies key performance indicators (KPIs) and sets associated targets for both the Company and its Subsidiaries. Furthermore, the Strategic Planning and Business Development Department analyses and identifies new opportunities for market expansion with respect to the Company's existing products and services. Moreover, it explores business opportunities that leverage the core competency and competitive advantage of the Company and its Subsidiaries.
- **Strategy Implementation Department:** The responsibilities of the Strategy Implementation Department include overseeing the organisational performance system, establishing performance standards and indicators for departments and divisions and evaluating the outputs thereof in alignment with the strategic and operational objectives of the Company and its Subsidiaries. The Strategy Implementation Department also updates strategic plans, gathers data and compiles periodic reports, utilising the information collected in periodic organisational performance reviews. In addition, the Strategy Implementation Department monitors progress and achievement within strategic projects and initiatives against established KPIs and targets.
- **Organisational Excellence and Quality Department:** This sub-department continuously formulates and improves organisational excellence frameworks, establishing operating standards and key benchmarks for managing operating performance. The Organisational Excellence and Quality Department also reviews the Company's processes and practices against established organisational excellence frameworks to continually monitor performance and identify areas for improvement. Moreover, the Department prepares and develops manuals, policies and procedures for the Company's quality system to ensure continuous improvement of processes and services.

4.10.11 IT Department

The responsibilities of the IT Department involve delivering all technology services within the Company. The IT Department supports all departments in making informed decisions that facilitate the attainment of their strategic objectives. This is achieved by providing reliable, secure and innovative services. The IT Department also focuses on innovating new products and services by employing the latest technologies, enhancing the agility of the Company to respond promptly to changes. Moreover, the IT Department manages the Company's computer networks, including routers, switches and firewalls. The IT Department further manages the Company's servers, including web servers, database servers and file servers. Furthermore, the IT Department provides support to employees regarding technical problems and computers. In addition, the IT Department creates applications in multiple programming languages that meet the needs of users. It also works to continuously improve such applications and ensure that current systems align with the Company's strategy.

4.10.12 Governance Department

The Governance Department is responsible for preparing, updating and overseeing the implementation of governance regulations and standards that regulate the management of the Company in order to ensure adherence to the best governance practices and safeguard the rights of Shareholders and stakeholders. To this end, the Department prepares and revises the policies, regulations and procedures related to the Company's governance in accordance with statutory requirements and best practices. Moreover, the Governance Department seeks approval from the Board of Directors and proposes amendments when necessary. The Governance Department oversees the implementation of the Company's governance system and assesses the effectiveness thereof, ensuring the Company's compliance with such system. The tasks of the Governance Department also include submitting reports to the Board of Directors. In addition, the Governance Department ensures the Directors and the Executive Management remain informed of developments in the field of corporate governance and best practices on an ongoing basis. The Department formulates and revises risk management policies and procedures, along with developing systems and mechanisms for identifying, measuring and monitoring risks. Additionally, it provides reports to both Executive Management and the Board of Directors. Furthermore, the Governance Department prepares and updates the Company's risk register on an annual basis.

4.11 Research and Development

As of the date of this prospectus, the Company does not have a policy in connection with research and development.

4.12 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. In addition, the Company does not intend to make any material changes in the nature of its business.

سماسكو
SMASCO

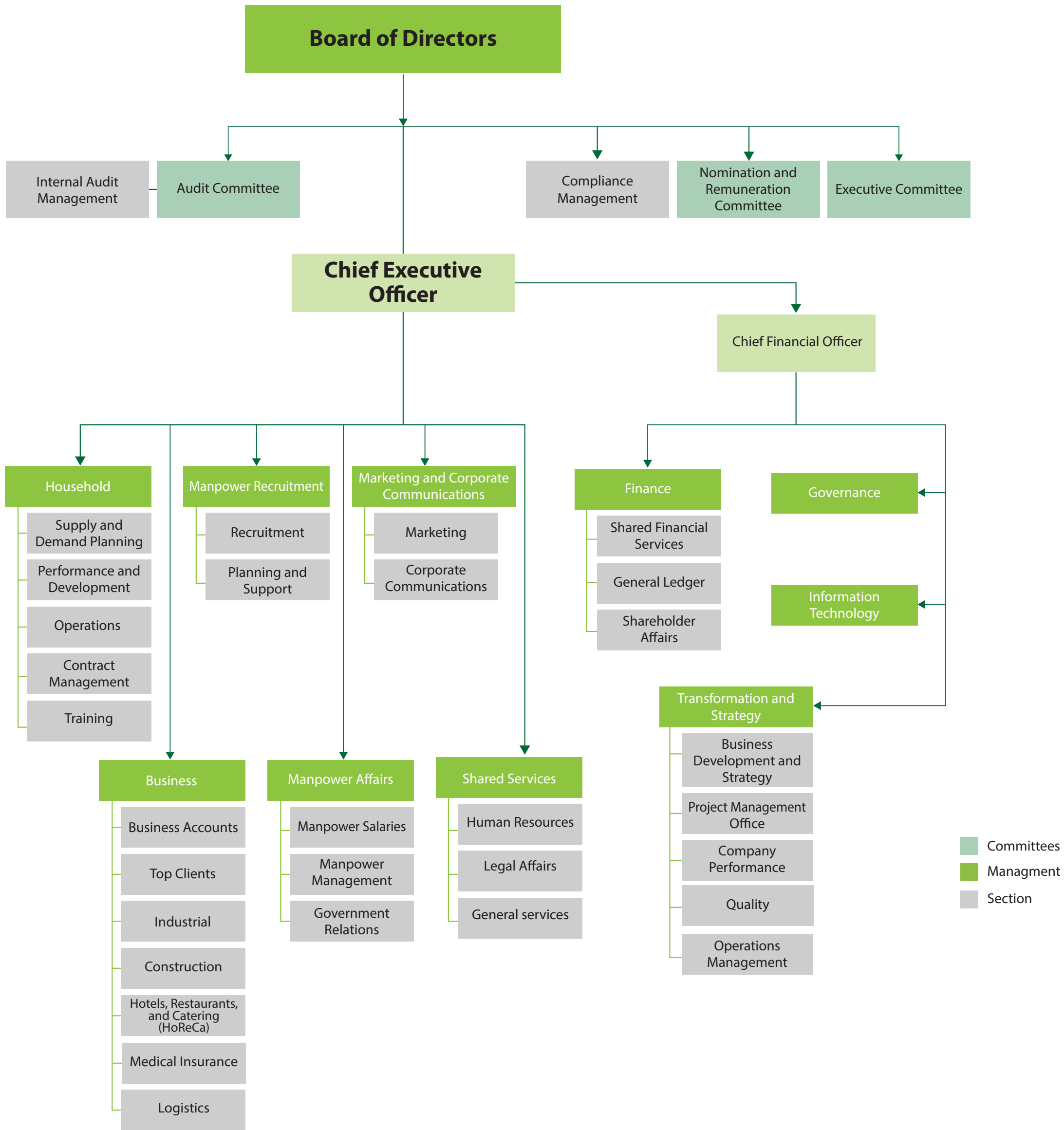
5. ORGANISATIONAL STRUCTURE AND CORPORATE GOVERNANCE

5.1 Organisational Structure

The organisational structure of the company consists of the General Assembly, the Board of Directors and the Committees derived from it. These Committees include the Audit Committee, the Nominations and Remuneration Committee and the Executive Committee. These Committees are entrusted with the powers delegated to them by the Board of Directors. The Board of Directors are responsible for the overall direction, supervision and control of the Company and its Executive Management.

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, reflecting also the New Shares post-Offering:

Table 5.1: 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)
Al Holoul Al Mutakamela Holding Company	280,000,000	70.000%	280,000,000	191,050,000	47.761%	191,050,000
Rafid Advanced Investments Company	30,000,000	7.500%	30,000,000	19,350,000	4.838%	19,350,000
Mohammad Abdulaziz Al Habib and Sons Holding Company (2)	20,000,000	5.000%	20,000,000	14,000,000	3.500%	14,000,000
Maalem Al Masa Real Estate Company	20,000,000	5.000%	20,000,000	14,000,000	3.500%	14,000,000
Abdullah Nasser Abdullah Al Dawood	12,000,000	3.000%	12,000,000	12,000,000	3.000%	12,000,000
Abdullah Amer Munif Al Nahdi	6,000,000	1.500%	6,000,000	4,200,000	1.050%	4,200,000
Abdulaziz Abdulrahman Mohammed Al Omran	5,000,000	1.250%	5,000,000	3,500,000	0.875%	3,500,000
Al Mojel Trading and Contracting Company	5,000,000	1.250%	5,000,000	3,500,000	0.875%	3,500,000
Mohammed Sulaiman Ibrahim Al Sabti	5,000,000	1.250%	5,000,000	5,000,000	1.250%	5,000,000
Tareq Othman Abdullah Al Kasabi	5,000,000	1.250%	5,000,000	3,500,000	0.875%	3,500,000
Nawat Real Estate Investment Company	5,000,000	1.250%	5,000,000	5,000,000	1.250%	5,000,000
Al Jazeel Arabian Holding Company	2,000,000	0.500%	2,000,000	1,400,000	0.350%	1,400,000
Majed Abdullah Hamad Al Hogail	2,000,000	0.500%	2,000,000	1,400,000	0.350%	1,400,000
Etihad Noorah Investment Company Limited	1,250,000	0.310%	1,250,000	875,000	0.219%	875,000
Norah Al Malahi Foundation	1,250,000	0.310%	1,250,000	875,000	0.219%	875,000
Ahmad Yousef Mohammed Salah Jamjoom	500,000	0.130%	500,000	350,000	0.088%	350,000
Public	-	-	-	120,000,000	30.000%	120,000,000
Total	**400,000,000**	**100%**	**400,000,000**	**400,000,000**	**100%**	**40,000,000**

Source: The Company.

(1) Ownership percentages are rounded.

(2) Mohammed Abdulaziz Al Habib and Sons Holding Company owns the entire capital of Maalem Al Masa Real Estate Company (which in turn directly owns 20,000,000 Shares in the Company). As a result, Mohammed Abdulaziz Al Habib and Sons Holding Company indirectly owns 20,000,000 Shares 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 nine Directors who are appointed by the General Assembly by means of cumulative vote (for further details, see Section 12.12 (*Bylaws*)). The Companies Law, the Bylaws and the internal Corporate Governance Regulations of the Company determine the duties and responsibilities of the Board of Directors. According to the Company's Bylaws, the term of the Directors' membership in the Board of Directors, including the Chairman, shall be for a maximum period of four years for each term as they may be re-elected. The current session of the Board of Directors began on 9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G) and will end on 22 Thul-Hijjah 1448H (corresponding to 28 May 2027G).

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

Table 5.2: Company's Board of Directors

Name	Position	Nationality	Status	Direct Share Ownership (1)		Indirect Share Ownership (2)		Date of Appointment (3)
				Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
Fahad Ali Mohammed Al Muhaideb	Chairman	Saudi	Non-Executive	-	-	-	-	9 Thul-Q'idah 1444H (corresponding to 29 May 2023G)
Saad Nahar Baddah Al Mutairi(3)	Vice Chairman	Saudi	Non-Executive	-	-	6.439%	4.394%	9 Thul-Q'idah 1444H (corresponding to 29 May 2023G)
Fahad Zowed Milfi Al Mutairi(4)	Director	Saudi	Non-Executive	-	-	2.100%	1.430%	9 Thul-Q'idah 1444H (corresponding to 29 May 2023G)
Hesham Hasan Saleh Atieh	Director	Jordanian	Non-Executive	-	-	-	-	9 Thul-Q'idah 1444H (corresponding to 29 May 2023G)
Abdullah Abdulaziz Abdullah Al Kanhal	Director	Saudi	Independent	-	-	-	-	9 Thul-Q'idah 1444H (corresponding to 29 May 2023G)
Saleh Mohamed Abdulaziz Alhabeeb(5)	Director	Saudi	Non-Executive	-	-	0.044%	0.031%	9 Thul-Q'idah 1444H (corresponding to 29 May 2023G)
Majed Abdullah Ibrahim Alkuraydis	Director	Saudi	Non-Executive	-	-	-	-	9 Thul-Q'idah 1444H (corresponding to 29 May 2023G)
Khalid Mohammed Abdullah Al Sharif	Director	Saudi	Independent	-	-	-	-	14 Jumada al-Ula 1445H (corresponding to 28 November 2023G)
Zeyad Abdulqadir Saleh Al Toumi	Director	Tunisian	Independent	-	-	-	-	14 Jumada al-Ula 1445H (corresponding to 28 November 2023G)

Source: The Company.

(1) Ownership percentages are rounded.

(2) The dates in this table are the dates of appointment to current positions for each Board of Directors as appointed by the General Assembly. The biographies of the Board members below indicate the dates of appointment of each Board member in the Board of Directors or to any other position.

(3) Saad Nahar Baddah Al Mutairi directly owns 4,600,000 shares Al Holoul Al Mutakamela Holding Company (representing approximately 9.200% of its total shares), which in turn directly owns 280,000,000 shares in the Company (representing 70.000% of the Company's total shares). As a result, Saad Nahar Baddah Al Mutairi indirectly owns approximately 25,760,000 shares in the Company before the offering, which represents approximately 6.439% of the Company's total shares.

(4) Fahad Zowed Milfi Al Mutairi directly owns 1,500,000 shares in Al Holoul Al Mutakamela Holding Company (representing approximately 3.000% of its total shares), which in turn directly owns 280,000,000 shares in the Company (representing 70.000% of the Company's total shares). As a result, Fahad Zowed Milfi Al Mutairi indirectly owns approximately 8,400,000 shares in the Company before the offering, which represents approximately 2.100% of the Company's total shares.

(5) Saleh Mohamed Abdulaziz Alhabeeb directly owns 1,349,191 shares in Tharawat Al Mustaqbal Investment Company (representing approximately 11.557% of its total shares), which directly owns 10,194,188 shares in Mohamed Abdulaziz Al Habib and Sons Holding Company (representing approximately 7.722% of its total shares), which in turn owns 20,000,000 shares in the Company (representing 5.000% of the Company's total shares). As a result, Saleh Mohamed Abdulaziz Alhabeeb indirectly owns approximately 178,511 shares in the Company before the offering, which represents approximately 0.044% of the Company's total shares.

The Secretary of the Board of Directors is Adnan Abdallah Mohamed Ali, who was appointed pursuant to a resolution by the Board of Directors dated 10 Thul-Qi'dah 1444H (corresponding to 30 May 2023G) and he doesn't own any Shares in the Company. (For a summary of his biography, see Section 5.2.4.10 (*Adnan Abdallah Mohamed Ali, Board 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 powers set by the General Assembly in the Companies Law and its implementing 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 overall day-to-day management of the Company to the Company's Executive Management.

Some powers are delegated to the Company's Committees, consisting of the Audit Committee, the Nominations and Remuneration Committee (collectively, the "**Committees**") and a number of administrative departments with responsibility for dealing with a range of operational and business matters (for further information about administrative departments, see Section 12.12 (*Bylaws*)). In addition, the Board of Directors has the power to form any number of Committees it considers necessary for 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

With due regard to the competencies for the General Assembly, the Board of Directors shall have the widest powers in managing the Company in order to achieve its objectives inside and outside the Kingdom. According to the Corporate Governance Regulations, the powers and responsibilities of the Board of Directors include the following:

- laying down the plans, policies, strategies and main objectives of the Company, supervising their implementation and reviewing them periodically and ensuring that the human and financial resources required to fulfil them are available;
- setting rules and procedures for internal control and overseeing them;
- setting forth specific and explicit policies, standards and procedures for membership in the Board, without prejudice to the mandatory provisions of these Regulations and implementing them following approval by the General Assembly;
- developing a written policy that regulates the relationship with Stakeholders pursuant to the provisions of these Regulations;
- setting policies and procedures to ensure the Company's compliance with the laws and regulations and the Company's obligation to disclose material information to Shareholders and Stakeholders and ensuring the compliance of the Executive Management with these policies and procedures;
- preparing the Company's interim and annual financial statements and approving them before publishing them;
- preparing the Board report and approving it before publishing it;
- ensuring the accuracy and integrity of the data and information which must be disclosed pursuant to the applicable policies and systems in respect of disclosure and transparency;
- developing effective communication channels allowing Shareholders to review the various aspects of the Company's businesses as well as any material developments; continuously and periodically;
- forming specialised Committees of the Board pursuant to resolutions that shall specify the term, powers and responsibilities of such Committees. Such resolutions shall also specify the names of the members and their duties, rights and obligations and shall evaluate the performance and activities of these Committees and their members;
- specifying the types of remunerations granted to the Company's employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of Shares without prejudice to the Implementing Regulation of the Companies Law for Listed Joint Stock Companies;
- notifying the General Assembly when convened of the businesses and contracts in which any Board member has a direct or indirect interest; the notification shall include the information provided by the member of the Board and shall be accompanied by a special report of the Company's external auditor;
- setting the values and standards that govern the work at the Company;
- providing recommendations to the General Assembly as to what it deems appropriate regarding the following:

  a- increasing or decreasing the share capital of the Company;
  b- dissolving the Company before the end of its term as specified in its Bylaws or deciding the continuity of the Company;
  c- use of the Company's reserves, if they are not allocated for a specific purpose in the Company's Bylaws;
  d- forming additional financial allocations or reserves for the Company; and
  e- the method of distributing the net profits of the Company.

In addition to the above, the Board of Directors has the powers and responsibilities stipulated in chapter three of the Corporate Governance Regulations.

5.2.2.2 Chairman

The Chairman shall be responsible for supervising the Board's operations and the effective performance of its duties. According to the Corporate Governance Regulations, the Chairman shall assume the following responsibilities:

- ensuring that the Board members obtain complete, clear, accurate and non-misleading information in due course;
- ensuring that the Board effectively discusses all fundamental issues in due course;
- representing the Company before third parties in accordance with the Companies Law and its Implementing Regulations and the Company's Bylaws;
- encouraging the Board members to effectively perform their duties in order to achieve the interests of the Company;
- ensuring that there are actual communication channels with Shareholders and conveying their options to the Board;
- encouraging constructive relationships and effective participation between the Board and the Executive Management on the one hand and the Executive, Non-Executive and Independent Directors on the other hand and creating a culture that encourages constructive criticism;
- preparing agendas of the Board meetings, taking into consideration any matters raised by board members or the external auditor and consult with the Board members and the Chief Executive Officer upon preparing the Board's agenda; and
- convening periodic meetings with the Non-Executive Directors without the presence of any executive officers of the Company.

5.2.2.3 Secretary

The responsibilities of the Secretary include the following:

- documenting the Board meetings and preparing minutes therefor, which shall include the discussions and deliberations carried during such meetings; as well as the place, date, times on which such meetings commenced and concluded and recording the decisions of the Board and voting results and retaining them in a special and organised register and including the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by the Chairman of the meeting, all of the attending members and the Secretary;
- retaining the reports submitted to the Board and the reports prepared by it;
- providing the Board members with the agenda of the Board meeting and related worksheets, documents and information and any additional information, related to the topic included in the agenda items, requested by any Board member;
- ensuring that the Board members comply with the procedures approved by the Board;
- notifying the Board members of the dates of the Board's meetings within sufficient time prior to the date specified for the meeting;
- presenting the draft minutes to the Board members to provide their opinions on them before signing the same;
- ensuring that the Board members receive, fully and promptly, a copy of the minutes of the Board's meetings as well as the information and documents related to the Company;
- coordinating among the Board members;
- regulating the disclosure register of the Board and Executive Management; and
- providing assistance and advice to the Board members.

5.2.3 Service Contracts with Directors

There are not any service contracts nor employment contracts that were concluded between the Company and the members of the Board of Directors.

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 Fahad Ali Mohammed Al Muhaideb, Chairman

Nationality:	Saudi.
Age:	59 years.
Position:	Company Chairman.
Capacity:	Non-Executive.
Academic and Professional Qualifications:	• High School Diploma, Yarmouk Comprehensive High School, Riyadh, Kingdom of Saudi Arabia, in 1983G.
Appointment Date (Current Term):	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G).
Current Positions:	• Company Chairman, since 2012G; • Chairman, Al Holoul Al Mutakamela Holding Company, a closed joint stock company, investments sector, since 2021G; • General Manager, Manar Al Riyadh Media Company, a limited liability company, advertising and marketing sector, since 2019G; • General Manager, Al Thumama Village Operating Company Ltd, a limited liability company, operation, maintenance and management of tourist facilities sector, since 2000G; and • General Manager, Manar Al Riyadh Media Company, a limited liability company, contracting, operation and maintenance sector, since 1986G.
Key Past Professional Experience:	• General Manager, Al Sarh Recruitment Office Company, a sole proprietorship, human resources sector, from 1999G to 2022G; • Vice Chairman, White Sands Company, an Emirati limited liability company, tourism and hospitality sector, from 2000G to 2018G; • Deputy General Manager, Al Arabiya Travelers Services Company, a limited liability company, tourism and travel sector, from 2005G to 2015G; • Deputy General Manager, Al Sarh Tourism Company, a limited liability company, tourism sector, from 2004G to 2015G; • Member, Recruitment Committee in Riyadh Chamber of Commerce, a Governmental entity, from 2004G to 2011G; and • General Manager, Al Sarh Wing Travel and Tourism Company, a limited liability company, tourism sector, from 1987G to 1996G.

5.2.4.2 Saad Nahar Baddah Al Mutairi, Vice Chairman

Nationality:	Saudi.
Age:	64 years.
Position:	Company Vice Chairman.
Capacity:	Non-Executive.
Academic and Professional Qualifications:	• Bachelor's Degree in Arts, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 1985G.
Appointment Date (Current Term):	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G).
Current Positions:	• Company Vice Chairman, since 2021G; • Company Chairman of the Executive Committee, since 2023G; • Vice Chairman and Chief Executive Officer, Al Holoul Al Mutakamela Holding Company, a closed joint stock company, investments sector, since 2021G; and • Member of the Board of Directors, the National Society for Human Rights, a Governmental entity, since 2017G and until the date of this Prospectus.
Key Past Professional Experience:	• Administrative Inspector, Control and Investigation Board, a Governmental entity, from 1984G to 1998G; • Member of the Board of Directors, Emirate of Riyadh Province, a Governmental entity, from 2003G to 2010G; • Chairman of the Committee, National Committee for Recruitment at the Council of Chambers, a Governmental entity, from 2003G to 2015G; and • Chairman of the Board of Directors, Saudi Business Council of the Philippines, a Governmental entity, from 2012G to 2015G.

5.2.4.3 Fahad Zowed Milfi Al Mutairi, Director

Nationality:	Saudi.
Age:	45 years.
Position:	Company Director.
Capacity:	Non-Executive.
Academic and Professional Qualifications:	• Executive Master's Degree in Public Administration, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 2022G; and • Bachelor's Degree in Chemical Engineering, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 2000G.
Appointment Date (Current Term):	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G).
Current Positions:	• Company Director, since 2012G; and • Company Executive Committee member, since 2023G.
Key Past Professional Experience:	• Member of the Recruitment Committee, Riyadh Chamber, a Governmental entity, from 2004G to 2012G; • General Manager, AamAl Mufawadh for Recruitment Office, a sole proprietorship, human resources sector, from 2013G to 2022G; • General Manager, Al Safeer Al Mufawadh Manpower Recruitment Office, a sole proprietorship, human resources sector, from 2004G to 2013G; and • Shift Head, Saline Water Conversion Corporation, a Governmental entity, from 2000G to 2002G.

5.2.4.4 Hesham Hasan Saleh Atieh, Director

Nationality:	Jordanian.
Age:	50 years.
Position:	Company Director.
Capacity:	Non-Executive.
Academic and Professional Qualifications:	• Certified Public Accountant (CPA) Certificate, American Institute of Certified Public Accountants, Colorado, United States of America, in 2000G; and • Bachelor's Degree in Accounting, Yarmouk University, Irbid, Kingdom of Jordan, in 1997G.
Appointment Date (Current Term):	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G).
Current Positions:	• Company Director, since 2022G; and • Chief Financial Officer, Al Holoul Al Mutakamela Holding Company, a closed joint stock company, investments sector, since 2021G.
Key Past Professional Experience:	• Company Chief Financial Officer, from 2012G to 2021G; • Financial Controller, Saudi Research and Marketing Group (currently Saudi Research and Media Group), a public joint stock company, research and media sector, from 2010G to 2012G; • Chief Financial Officer, Gulf Advertising and Public Relations Company, a limited liability company, advertising and marketing sector, from 2004G to 2010G; • Audit Manager, Andersen, a limited liability company, Accounting and Financial sector, from 2001G to 2004G; • Auditor, Ernst & Young, a limited liability company, audit sector, from 2000G to 2001G; and • Auditor, Al-Arabia Group, a limited liability company, Audit and Financial sector, from 1997G to 2000G.

5.2.4.5 Abdullah Abdulaziz Abdullah Al Kanhal, Director

Nationality:	Saudi.
Age:	63 years.
Position:	Company Director.
Capacity:	Independent.
Academic and Professional Qualifications:	• Bachelor's Degree in Accounting, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 1983G.
Appointment Date (Current Term):	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G).
Current Positions:	• Company Director, since 2023G.
Key Past Professional Experience:	• Company Board of Directors Advisor, from 2012G to 2020G; • Chief Financial Officer, National Agricultural Development Company, a public joint stock company, agricultural development and food manufacturing sector, from 1997G to 2010G; • Assistant General Manager of Financial and Administrative Affairs, National Agricultural Development Company, a public joint stock company, agricultural development and food manufacturing sector, from 1993G to 1997G; • Assistant General Manager of Financial and Administrative Affairs, National Agricultural Development Company, a public joint stock company, agricultural development and food manufacturing sector, from 1986G to 1993G; and • Internal Control Manager, National Agricultural Development Company, a public joint stock company, agricultural development and food manufacturing sector, from 1984G to 1989G.

5.2.4.6 Saleh Mohamed Abdulaziz Alhabeeb, Director

Nationality:	Saudi.
Age:	44 years.
Position:	Company Director.
Capacity:	Non-Executive.
Academic and Professional Qualifications:	• Bachelor's Degree in Architecture, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 2000G.
Appointment Date (Current Term):	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G).

Current Positions:	• Company Director, since 2022G; • Member of the Board of Directors, Burooj International Company, a limited liability company, real estate sector, since 2005G; • Member of the Board of Directors and Chief Executive Officer, Mohammad Abdulaziz Al Habib and Partners Real Estate Investment Company, a limited liability company, real estate investment sector, since 2006G; • Member of the Board of Directors, Developed Markets Company, a limited liability company, real estate sector, since 2009G and until the date of this Prospectus; • Member of the Board of Directors, Hamat Property Company, a limited liability company, property management sector, since 2009G; • Chairman of the Board of Directors, Hamat Holding Company, a closed joint stock company, investments sector, since 2011G; • General Manager of Subsidiaries, Mohammad Abdulaziz Al Habib and Sons Holding Company, a closed joint stock company, investments sector, since 2013G; • Managing Director, Mohammad Abdulaziz Al Habib and Sons Holding Company, a closed joint stock company, investments sector, since 2013G; • General Manager, Maalem Investment Holding Company, a limited liability company, real estate investment sector, since 2014G; • Member of the Board of Directors, Sorouh Al Marakez Company, a limited liability company, real estate sector, since 2014G; • General Manager, Al Nakhla Residences Company, a limited liability company, real estate sector, since 2015G; • Chairman of the Board of Directors, Asala Al Marakez Company, a limited liability company, property management sector, since 2016G; • Chairman of the Board of Directors, Araqah Al Marakez Company, a limited liability company, real estate sector, since 2016G; • Member of the Board of Directors, Manafe Al Andalus Company, a limited liability company, real estate sector, since 2017G; • Chairman of the Board of Directors, First Energy Solutions Company, a limited liability company, information technology sector, since 2017G; • Chairman of the Board of Directors, Modern Technology Based Company for Information Technology, a limited liability company, information technology sector, since 2017G; • Chairman of the Board of Directors, Al Ebdaa Taibah for Real Estate Development Company, a limited liability company, real estate sector, since 2017G; • Member of the Board of Directors, West Jeddah Hospital Company, a limited liability company, hospital development and management sector, since 2017G; • General Manager, AlJawhara Al Kubra Company, a limited liability company, real estate sector, since 2018G; • General Manager, Jawaher Al Gharbiyah for Development and Real Estate Investment Company, a limited liability company, real estate sector, since 2018G; • Deputy Chairman of the Board of Directors and Chairman of the Executive Committee, Al Andalus Real Estate Company, a public joint stock company, real estate sector, since 2018G; • Member of the Board of Directors, Hayat Real Estate Company, a closed joint stock company, real estate sector, since 2018G; • Member of the Board of Directors, Green Diamond for Development and Real Estate Investment Company, a limited liability company, real estate sector, since 2018G; and • Member of the Board of Directors, Gheras United Company, a closed joint stock company, investments sector, since 2021G.
Key Past Professional Experience:	• Member of the Board of Directors, Global Healthcare Company, a limited liability company, healthcare sector, from 2007G to 2023G; • Member of the Board of Directors, Jawharat Al Bahr Investment Company, a limited liability company, real estate sector, from 2017G to 2023G; and • Managing Director, Hamat Holding Company, a closed joint stock company, investments sector, from 2011G to 2013G.

5.2.4.7 Majed Abdullah Ibrahim Alkuraydis, Director

Nationality:	Saudi.
Age:	32 years.
Position:	Company Director.
Capacity:	Non-Executive.
Academic and Professional Qualifications:	• Master's Degree in Law (LL.M), Harvard University, Cambridge, Massachusetts, United States of America, in 2020G; and • Bachelor's Degree in Law (LL.B), King Saud University, Riyadh, Kingdom of Saudi Arabia, in 2013G.
Appointment Date (Current Term):	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G).
Current Positions:	• Company Director, since 2022G; • Company Nominations and Remuneration Committee Member, since 2023G; and • General Counsel, Al Faisaliah Group Holding Company, a closed joint stock company, investment sector, since 2022G.
Key Past Professional Experience:	• Counsel, STAT Law Firm, a professional limited liability company, legal advisory sector, from 2022G to 2022G; • Lawyer, STAT Law Firm, a professional limited liability company, law and legal advisory, from 2020G to 2021G; • Corporate and Capital Markets Lawyer, White & Case Law Firm, a professional limited liability company, legal advisory sector, from 2015G to 2019G; and • Trainee Lawyer, White and Case Law Firm, a professional limited liability company, law and legal advisory, from 2013G to 2014G.

5.2.4.8 Khalid Mohammed Abdullah Al Sharif, Director

Nationality:	Saudi.
Age:	52 years.
Position:	Company Director.
Capacity:	Independent.
Academic and Professional Qualifications:	• Master's Degree in Business Administration (MBA), Al Yamamah University, Riyadh, Kingdom of Saudi Arabia, in 2018G; and • Bachelor's Degree in Economics and Management, Accounting Department, King Abdulaziz University, Jeddah, Kingdom of Saudi Arabia, in 1993G.
Appointment Date (Current Term):	14 Jumada al-Ula 1445H (corresponding to 28 November 2023G).
Current Positions:	• Company Director, since 2023G; • Company Audit Committee Chairman, since 2023G; and • Deputy Chief Executive Officer, Saudi Credit Bureau (SIMAH), a closed joint stock company, credit information sector, since 2015G.
Key Past Professional Experience:	• Authorisation Department Manager, Capital Markets Authority (CMA), a Governmental entity, from 2010G to 2015G; and • Senior Banking Supervisor, Saudi Arabian Monetary Authority (SAMA), a Governmental entity, from 1995G to 2010G.

5.2.4.9 Zeyad Abdulqadir Saleh Al Toumi, Director

Nationality:	Tunisian.
Age:	48 years.
Position:	Company Director.
Capacity:	Independent.
Academic and Professional Qualifications:	• Bachelor's Degree in Business Administration (MBA), Accounting, Tunis Higher School of Commerce, Tunisia, in 1997G; and • Executive Master's Degree in Banking Management, Institute of Banking Management, Paris, France, in 2002G.

Appointment Date (Current Term):	14 Jumada al-Ula 1445H (corresponding to 28 November 2023G).
Current Positions:	• Company Director, since 2023G; • Company Nominations and Remuneration Committee Chairman, since 2023G; • Manager, Al Ezdihar Investment Company, a professional limited liability company, management consulting sector, since 2023G; • Member of the Audit Committee, Dar Al Tamleek Company, a closed joint stock company, housing finance sector, since 2019G; • Member of the Board of Directors, Al Baraka Bank, a Tunisian public joint stock company, banking sector, since 2018G; • Member of the Board of Directors, Tunisian Saudi Finance House, a Tunisian public joint stock company, finance sector, since 2018G; and • Chairman, Yazdehar Global Limited Company, a UAE based limited liability company, investment sector, since 2015G.
Key Past Professional Experience:	• Advisor, Impact Financial Company (Impact 46), a closed joint stock company, investment funds sector, from 2019G to 2023G; • Member of the Investment Committee, Al Buhaira Investment Company, a Tunisian closed joint stock company, real estate development sector, from 2019G to 2023G; • Member of the Audit Committee, Al Yamamah Steel Industries Company, a public joint stock company, manufacturing sector, from 2018G to 2023G; • Deputy Head of Investment Banking, Samba Financial Group (merged with Saudi National Bank), a public joint stock company banking and finance sector, from 2004G to 2015G; • Assistant Vice President and Head of Private Sector Unit, Citi Bank Morocco, a Moroccan public joint stock company, banking and finance sector, from 2002G to 2004G; and • Senior Manager for Corporate Banking Services and Relationship Manager, Citi Bank Tunisia, a Tunisian public joint stock company, banking and finance sector, from 1997G to 2002G.

5.2.4.10 Adnan Abdallah Mohamed Ali, Board Secretary

Nationality:	Jordanian.
Age:	50 years.
Position:	Company Secretary of the Board of Directors.
Academic and Professional Qualifications:	• Certified Professional Accountant (CPA) from the Chartered Professional Accountants of Ontario, Canada, in 2022G; • Certified Financial Analyst (CFA) from the CFA Institute, Virginia, United States, in 2018G; • Certified Management Accountant (CMA) from the Institute of Management Accountants, New Jersey, United States, in 2005G; and • Certified Public Accountant (CPA) from the American Institute of Certified Public Accountants, Chicago, Illinois, United States, in 1996G.
Appointment Date (Current Term)	10 Thul-Qi'dah 1444H (corresponding to 30 May 2023G).
Current Positions:	• Secretary of the Board of Directors of the Company, since 2023G; and • Company Chief Financial Officer, since 2022G.
Key Past Professional Experience:	• Chief Financial Officer, Arabian Pipeline Services Company, a limited liability company, oil, gas and petrochemical industrial services sector, from 2003G to 2022G.

5.3 Committees

The Company has a number of Committees established by the 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) evaluating and supervising the risk management system in the Company and the relevant procedures in this regard. The Audit Committee Charter was approved pursuant to the resolution of the General Assembly on 14 Jumada al-Ula 1445H (corresponding to 28 November 2023G). The responsibilities of the Audit Committee further include the following:

a- Financial Statements and Reports:

- review significant issues related to accounting and reporting matters, including complex or unusual transactions, critical discretionary areas, and emerging professional and organisational announcements, and assess their impact on the financial statements;
- review material or unusual issues included in the Company's financial statements and reports and review issues raised by the Chief Financial Officer (or his/her delegate), compliance officer, or the external auditor;
- review the results of the external audit, along with the management and the external auditor, including any difficulties encountered;
- study the Company's interim and annual financial statements, express an opinion thereon and make recommendations in this regard to the Board prior to their submission to the Board to ensure the validity, integrity and transparency thereof; and consider whether they are complete and consistent with information that the members are aware of and whether they reflect appropriate accounting principles and policies;
- review other sections of the annual report and related organisational files before they are issued and consider the accuracy and completeness of the information;
- review all issues required to be referred to the Committee in light of the generally accepted auditing standards, in cooperation with the management and the external auditor;
- consider the accounting policies followed by the Company, express an opinion thereon and make recommendations to the Board in respect of the same;
- identify how the management develops preliminary financial information and the nature and extent of involvement of the Internal Audit Department and the external auditor;
- provide a technical opinion, at the request of the Board, regarding 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
- examine accounting estimates with regard to significant matters contained in the Company's financial statements and reports.

b- Internal Control:

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

c- Internal Audit:

- adopt the internal audit charter;
- review the performance and activities of the Head of the Internal Audit Department, ensure that there are no unjustified restrictions on his/her activities and make recommendations to the Board with respect to his/her appointment, dismissal, annual remuneration and salary;
- oversee and supervise 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;
- approve the annual audit plan and all changes to the plan and review the performance and activities of the Internal Audit Department compared to the plan set therefor;
- work 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;
- review the Company's internal audit procedures;
- consider internal audit reports and follow up on the implementation of corrective measures with regard to the observations contained therein; and
- meet 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:

- review the external Auditors' proposed audit scope, approach and plan and provide an opinion thereon, including coordinating audit efforts with internal audit activities;
- recommend to the Board to nominate, dismiss and determine the fees of the external auditor, and review 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;
- review the performance of the external auditor, supervise the activities thereof and approve any activity outside the scope of audit work assigned thereto during the performance of the duties thereof;
- study the external Auditor's report, observations and reservations on the Company's financial statements and follow up on the relevant actions;
- verify the independence, objectivity and fairness of the external auditor and the effectiveness of auditing, taking into account the relevant rules and standards, and make recommendations to the Board in this regard;
- verify that the external auditor is not providing technical or management services outside the scope of the audit work and make recommendations to the Board in this regard;
- meet separately with the external auditor on a regular basis to discuss any matters that the Committee or Auditor deems necessary to be discussed in private sessions;
- respond to the inquiries of the external auditor; and
- settle any disputes that arise between the management and the external auditor regarding financial reporting.

e- Compliance:

- verify and monitor the Company's compliance with the applicable laws, regulations, policies and instructions;
- review the effectiveness of the control system, ensure compliance with applicable laws and regulations, the results of investigations conducted by management and follow up on any non-compliance (including taking disciplinary action);
- review reports and results of investigations conducted by competent Auditors or supervisors in addition to any remarks given by the external auditor or internal Auditors and verify that the Company is taking the required measures in this regard;
- review the process of communicating the rules of professional conduct to the Company's employees and observe the compliance with the same;
- review the contracts and transactions to be entered into by the Company with any, Related Party and make recommendations to the Board in relation to the same;
- ensure 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 any financial, accounting or auditing matters or any cases of non-compliance through a reasonable mechanism; and
- obtain regular updates from the Company's management and legal advisor regarding compliance issues.

f- Risk Management:

- developing a strategy and comprehensive policies for risk management that are consistent with the nature and volume of the Company's activities, monitoring their implementation, and reviewing and updating them based on the Company's internal and external changing factors;
- determining and maintaining an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such level;
- ensuring the feasibility of the Company continuation, the successful continuity of its activities and determining the risks that threaten its existence during the following twelve months;
- overseeing the Company's risk management system and assessing the effectiveness of the systems and mechanisms for determining, and monitoring the risks that threaten Company in order to determine areas of inadequacy therein;
- regularly reassessing the Company's ability to take risks and be exposed to such risks;
- preparing detailed reports on the exposure to risks and the recommended measures to manage such risks and presenting them to the Board;
- providing recommendations to the Board on matters related to risk management;
- ensuring the availability of adequate resources and systems for risk management;
- reviewing the organisational structure for risk management and providing recommendations regarding the same before approval by the Board;
- verifying the independence of the risk management employees from activities that may expose the Company to risks; and
- ensuring that the risk management employees understand the risks threatening the Company and seeking to raise awareness of the culture of risk.

g- Reporting:

- submit periodic reports to the Board regarding the Committee's activities and issues identified and provide recommendations to the Board that it deems appropriate in any matter within its competencies, as necessary;
- provide an open avenue of communication amongst the Internal Audit Management, the external auditor and the Board;
- provide an annual report to 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;
- review any other reports on the Committee's responsibilities, issued by the Company;
- prepare 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
- prepare a written report to the Board regarding the Company's internal audit procedures and the Committee's recommendations in this regard.

h- Miscellaneous:

- perform such other activities relating to the Audit Committee Charter, as requested by the Board;
- institute and oversee special investigations as needed;
- review and assess the adequacy and propriety of the Audit Committee Charter on a yearly basis, provide recommendation to the Board in this regard, and guarantee that necessary disclosures are made according to relevant laws and regulations.
- confirm, on a yearly basis, all responsibilities set forth in the Audit Committee Charter are performed; and
- regularly assess the performance of the Committee and every member thereof.

5.3.1.2 Audit Committee Members

The Audit Committee shall be formed by a resolution of the Board of Directors and 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); one of its members is specialised in finance and accounting; and (iv) 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 may not be a member of the Audit Committee. The Audit Committee convenes periodically; provided that 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 by the General Assembly resolutions dated 10 Thul-Qi'dah 1444H (corresponding to 30 May 2023G) and 26 Rabi' al-Awwal 1445H (corresponding to 11 October 2023G), for a term of four years. The Audit Committee comprises the following members as of the date of this Prospectus:

Table 5.3: Audit Committee Members

Name	Role
Khalid Mohammed Abdullah Al Sharif	Chairman of the Audit Committee
Mohammed Waleed Abduljaleel Batterjee	Member of the Audit Committee
Fahad Mohammed Hamad Al Sinan	Member of the Audit Committee

Source: The Company.

5.3.1.3 Biographies of the Members of the Audit Committee

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

a- Khalid Mohammed Abdullah Al Sharif, Audit Committee Chairman

See Section 5.2.4.8 (*Khalid Mohammed Abdullah Al Sharif, Director*) for further details regarding experience, qualifications and the current and previous positions of Khalid Mohammed Abdullah Al Sharif.

b- Mohammed Waleed Abduljaleel Batterjee, Audit Committee Member

Nationality:	Saudi.
Age:	38 years.
Position:	Company Audit Committee Member.
Academic and Professional Qualifications:	• Bachelor's Degree in Business Administration, department of Finance and Human Resources Management, from Simon Fraser University, Vancouver, Canada, in 2007G.
Appointment Date (Current Term):	10 Thul-Qi'dah 1444H (corresponding to 30 May 2023G).
Current Positions:	• Company Audit Committee Member, since 2023G; • Member of the Board of Directors, Innovative Healthcare Holding Company Limited, a limited liability company, healthcare sector, since 2023G; and • Executive Director of Investment and Mergers & Acquisitions Operations, Al Faisaliah Group Holding Company, a closed joint stock company, investment sector, since 2023G.
Key Past Professional Experience:	• Vice President for Investment and Portfolio Management, SALIC Company, a closed joint stock company, agricultural and animal investment sector, from 2021G to 2022G; • Member of the Nominations and Remuneration Committee, G3 Company, a Canadian limited liability company, agricultural sector, from 2021G to 2022G; • Member of the Nominations and Remuneration Committee, SALIC Company, a Ukrainian limited liability company, agricultural and animal investment sector, from 2021G to 2022G; • Member of the Nominations and Remuneration Committee, SALIC Company, an Australian limited liability company from 2021G to 2022G; • Member of the Advisory Committee, Merredin Farms Company, an Australian limited liability company, agricultural sector, from 202G to 2022G; • Member of the Crisis Committee, Continental Farmers Group, a Ukrainian limited liability company, agricultural sector, from 2022G to 2022G; • Head of Portfolio Construction and Asset Allocation, National Commercial Bank (currently Saudi National Bank), a public joint stock company, banking and financial sector, from 2011G to 2021G; • Chairman of the Board of Directors, Rooh Al Ebdaa Company for Food Resources Management, a limited liability company, food and restaurant industry, from 2016G to 2017G; and • Assistant Vice President for Private Equity Investments, Emirates NBD Bank, a UAE public joint stock company, banking and financial sector, from 2008G to 2011G.

c- Fahad Mohammed Hamad Al Sinan, Audit Committee Member

Nationality:	Saudi.
Age:	53 years.
Position:	Company Audit Committee Member.
Academic and Professional Qualifications:	• Bachelor's Degree in Accounting, King Faisal University, Al Ahsa, Kingdom of Saudi Arabia, in 1992G; and • Executive Master's Degree in General Management, University of Bahrain, Manama, Kingdom of Bahrain, in 2003G.
Appointment Date (Current Term):	10 Thul-Qi'dah 1444H (corresponding to 30 May 2023G).
Current Positions:	• Company Audit Committee Member, since 2023G; and • General Manager and Founder, Fahad Mohammed Hamad Al Sinan Certified Public Accountants Office, a sole proprietorship, auditing and accounting sector, since 2021G.
Key Past Professional Experience:	• General Manager and Owner, Masadir for Consultations, a sole proprietorship, financial consulting sector, from 2018G to 2021G; • Vice President, Fu-Tai Arabia, a limited liability company, real estate sector, from 2014G to 2018G; • Regional Manager, M.E.N.A. Company, a limited liability company, communications sector, from 2012G to 2018G; • Head of Eastern Region Regional Group, National Commercial Bank (currently Saudi National Bank), a public joint stock company, banking and financial sector, from 1998G to 2010G; and • Customer Relations Manager, Riyad Bank, a public joint stock company, banking and financial sector, from 1992G to 1998G.

5.3.2 Nominations and Remuneration Committee

5.3.2.1 Responsibilities of the Nominations and Remuneration Committee

The Nominations and Remuneration Committee oversees the nomination of Directors to the Board of Directors and the remuneration of Directors and Senior Executives. The duties and responsibilities of the Nominations and Remuneration Committee are mainly to: (i) lead the process of nominating and evaluating the Directors, Senior Executives and employees of the Company; (ii) ensure the effectiveness and soundness of the Company's Board and Executive Management structures and the relevant internal policies and procedures; and (iii) assist the Board in the review and determination of the remuneration of Directors, members of the Committees of the Board, Senior Executives and employees of the Company. The Nominations and Remuneration Committee Charter was approved pursuant to the resolution of the General Assembly on 14 Jumada al-Ula 1445H (corresponding to 28 November 2023G). The responsibilities of the Nominations and Remuneration Committee further include the following:

a- Nomination

- prepare, recommend to the Board and oversee policies and criteria in relation to the appointment of Directors and members of the Company's Executive Management (the "**Nomination Policy**");
- ensure that all necessary and appropriate inquiries are made into the backgrounds and qualifications of such candidates before recommending them to the Board for nomination;
- recommend to the Board candidates for nomination (or re-nomination) to the Board in accordance with the applicable law and the Nominations and Remuneration Committee Charter;
- at least annually review, assess and recommend 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;
- verify on an annual basis the independence of each independent Director in accordance with the applicable law and the absence of any conflict of interest, in case a Director also serves as a member of the Board of Directors of another Company;
- periodically review and make 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;
- evaluate and recommend to the Board potential candidates for Executive Management positions in the Company and, in particular, assist the Board in selecting, developing and evaluating potential candidates for the position of Chief Executive Officer; and
- develop and periodically review, procedures for filling vacancies in the Board and the Company's Executive Management and make recommendations to the Board regarding the selection and approval of candidates to fill such vacancies.

b- Review and Assessment

- regularly review the structure, size, composition, strengths and weaknesses of the Board (including the skills, knowledge and experience) and the Company's Executive Management and make appropriate recommendations to the Board that are compatible with the interests of the Company;
- develop and oversee an orientation programme for new Directors; and
- develop, recommend and oversee an annual self-evaluation process for the Directors and certain Senior Executives of the Company.

c- Remuneration

- prepare, recommend and oversee the implementation and disclosure of a policy for the remuneration of Directors, Senior Executives and members of the Committees of the Board (the "**Remuneration Policy**"), which shall be presented before the General Assembly for approval;
- prepare an annual report on the remuneration and other payments (in cash or in kind) received by the Directors, Executive Management and members of the 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 review and assess the effectiveness and appropriateness of the Remuneration Policy and make recommendations to the Board in relation to the same;
- recommend to the Board the form and amount of remuneration to be granted to the Directors, Senior Executives of the Company and members of the Committees, in accordance with the approved Remuneration Policy;
- review and make recommendations to the Board regarding the Company's incentive plans for Directors and employees, including in relation to adopting, amending and terminating such plans;
- prepare and oversee 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
- prepare 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 relating to the Remuneration Policy and the Annual Report on Remuneration and disclosures regarding remuneration in the annual report of the Board.

d- Miscellaneous

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

5.3.2.2 Nominations and Remuneration Committee Members

The Nominations and Remuneration Committee consists of at least three and no more than five members. Members of the Nominations and Remuneration Committee must not be executive members of the Board of Directors; provided that there shall be at least one Independent Director among them. The Chairman of the Nominations and Remuneration Committee must be an Independent Director. The Nominations and Remuneration Committee shall convene periodically at least once every six months. Additional meetings may be held from time to time at the request of the Board or any of the members.

The Nominations and Remuneration Committee was formed, and its members were appointed pursuant to the Board of Directors' resolution dated 26 Rabi' al-Awwal 1445H (corresponding to 11 October 2023G), for a term of four years. The Nominations and Remuneration Committee comprises the following members as of the date of this Prospectus:

Table 5.4: Nominations and Remuneration Committee Members

Name	Role
Zeyad Abdulqadir Saleh Al Toumi	Chairman of the Nomination and Remuneration Committee
Majed Abdullah Ibrahim Alkuraydis	Member of the Nomination and Remuneration Committee
Ali Abdulrahman Othman Al Ghamdi	Member of the Nomination and Remuneration Committee

Source: The Company.

5.3.2.3 Biographies of the Members of the Nominations and Remuneration Committee

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

a- Zeyad Abdulqadir Saleh Al Toumi, Chairman of the Nominations and Remuneration Committee

See Section 5.2.4.9 (*Zeyad Abdulqadir Saleh Al Toumi, Director*) for further details regarding experience, qualifications and the current and previous positions of Zeyad Abdulqadir Saleh Al Toumi.

b- Majed Abdullah Ibrahim Alkuraydis, Member of the Nominations and Remuneration Committee

See Section 5.2.4.7 (*Majed Abdullah Ibrahim Alkuraydis, Director*) for further details regarding experience, qualifications and the current and previous positions of Majed Abdullah Ibrahim Alkuraydis.

c- Ali Abdulrahman Othman Al Ghamdi, Member of the Nominations and Remuneration Committee

Nationality:	Saudi.
Age:	41 years.
Position:	Company Nominations and Remuneration Committee Member.
Academic and Professional Qualifications:	• Diploma in Mechanical Engineering, Technical College, Dammam, Kingdom of Saudi Arabia, in 2003G; • Bachelor's Degree in Business Administration - Management Information Systems track, Open University, Al Khobar, Kingdom of Saudi Arabia, in 2013G; and • Executive Master of Business Administration (MBA), IE Business School, Madrid, Spain, in 2020G.
Appointment Date (Current Term)	26 Rabi' al-Awwal 1445H (corresponding to 11 October 2023G).
Current Positions:	• Company Nominations and Remuneration Committee Member, since 2023G; • Director and Chairman of the Nominations and Remuneration Committee, Al Majdiah residence Company, a closed joint stock company, real estate development sector, since 2022G; • Member of the Compliance and Governance Committee, ARASCO Company, a closed joint stock company, agriculture and poultry production sector, since 2022G; and • Member, Institute of Board Directors in Gulf Cooperation Council Countries (Vanella Academy), an educational institution, since 2021G.
Key Past Professional Experience:	• Secretary of the Nominations and Renumeration Committee, ARASCO Company, a closed joint stock company, agriculture and poultry production sector, since 2021G and until the date of this Prospectus; • Chief Executive Officer of Human Resources, Chief Executive Officer of Shared Services and Executive Director of Corporate Affairs and Governance, ARASCO Company, a closed joint stock company, agriculture and poultry production sector, since 2020G and until the date of this Prospectus; • Member, American Institute of Human Capital, an educational institution, since 2019G and until the date of this Prospectus; and • Member, Society for Human Resource Management, an educational institution, since 2012G and until the date of this Prospectus.

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 responsibilities of the Executive Committee further include the following:

a- Review and provide recommendations on the following matters where applicable:

- participating in and overseeing the development of the Company's strategic plan and supervising its implementation and reviewing the effectiveness of the plan in achieving the desired objectives;
- supervising the preparation of the Company's annual budget and reviewing proposals submitted by the Executive management;

- reviewing financial, strategic and operational performance reports related to the implementation and evaluation of strategic plans and initiatives and making recommendations to the Board based on the Committee's assessment;
- considering strategic topics, contracts and projects with significant financial impact and presenting them to the Board for approval. Reviewing internal and external contracts and assessing their viability;
- evaluating and reviewing the Company's expansion plans in new business sectors, products, or geographical areas and making recommendations to the Board based on the Committee's assessment;
- reviewing and approving recruitment policies and procedures;
- reviewing and requesting amendments to policies and procedures developed by the Executive management;
- changes in delegation levels as specified in the Company's authority matrix; and
- reviewing and providing recommendations to the Board regarding any amendments to existing or new investment principles and proposed general guidelines from the Executive management and presenting the committee's recommendations to the board.

b- Miscellaneous:

- perform 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. The Executive Committee shall convene on a regular basis and as necessary.

The Executive Committee was formed and its members were appointed pursuant to the Board of Directors' resolution dated 10 Thul-Qi'dah 1444H (corresponding to 30 May 2023G) for a term of four years. The Executive Committee comprises the following members as of the date of this Prospectus:

Table 5.5: Executive Committee Members

Name	Role
Saad Nahar Baddah Al Mutairi	Chairman of the Executive Committee
Fahad Zowed Milfi Al Mutairi	Member of the Executive Committee
Samer Saeed Mahmoud Jendi	Member of the Executive Committee

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- Saad Nahar Baddah Al Mutairi, Chairman of the Executive Committee

See Section 5.2.4.2 (*Saad Nahar Baddah Al Mutairi, Vice Chairman*) for further details regarding experience, qualifications and the current and previous positions of Saad Nahar Baddah Al Mutairi.

b- Fahad Zowed Milfi Al Mutairi, Member of the Executive Committee

See Section 5.2.4.3 (*Fahad Zowed Milfi Al Mutairi, Director*) for further details regarding experience, qualifications and the current and previous positions of Fahad Zowed Milfi Al Mutairi.

c- Samer Saeed Mahmoud Jendi, Member of the Executive Committee

Nationality:	Jordanian.
Age:	44 years.
Position:	Company Executive Committee Member.
Academic and Professional Qualifications:	• Bachelor's Degree in Business Administration, University of Jordan, Amman, Hashemite Kingdom of Jordan, in 1999G.
Appointment Date (Current Term):	10 Thul-Qi'dah 1444H (corresponding to 30 May 2023G).

Current Positions:	• Company Executive Committee Member, since 2023G; • Chief Executive Officer, Mohammad Abdulaziz Al Habib & Sons Holding Company, a closed joint stock company, investments sector, since 2019G; • Audit Committee Member, Al Hayat Real Estate Company, a closed joint stock company, real estate development and property management sector, since 2017G; • Board Member, Hamat Holding Company, a closed joint stock company, real estate development and property management sector, since 2017G; • Audit Committee Member, Global Healthcare Company, a limited liability company, healthcare sector, since 2015G; and • Audit Committee Member, Hamat Holding Company, a closed joint stock company, real estate development and property management sector, since 2014G.
Key Past Professional Experience:	• Chief Financial Officer, Mohammad Abdulaziz Al Habib & Sons Holding Company, a closed joint stock company, investments sector, from 2009G to 2019G; • Board Member, Dr Sulaiman Al Habib Medical Services Group, a public joint stock company, medical services sector, from 2017G to 2020G; and • Audit Committee Member, Dr Sulaiman Al Habib Medical Services Company, a public joint stock company, medical services sector, from 2017G to 2020G.

5.4 Executive Management

5.4.1 Overview of Executive Management

The Executive Management of the Company comprises 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 Members of Executive Management of the Company

The following table sets out the Senior Executives members of the Company:

Table 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
Abdullah Rakan Ahmed Al Timyat	Chief Executive Officer	22 Ramadan 1445H (corresponding to 1 April 2024G)	Saudi	38	-	-
Adnan Abdallah Mohamed Ali	Chief Financial Officer	26 Rabi' al-Thani 1444H (corresponding to 20 November 2022G)	Jordanian	50	-	-
Walid Khaled Attah Al Suboh	General Manager of Business Sector	22 Shawwal 1443H (corresponding to 23 May 2022G)	Jordanian	51	-	-
Bandar Ahmad Abdullah Al Dahash	General Manager of Shared Services	3 Thul-Qi'dah 1443H (corresponding to 2 June 2022G)	Saudi	42	-	-
Fares Ibrahim Ali Al Qahtani	Senior Manager of Manpower Affairs Department	15 Jumada al-Akhirah 1443H (corresponding to 18 January 2022G)	Saudi	41	-	-
Nasser Abdullah Ali Al Duraihem	Acting Manager of the Recruitment Department	11 Rabi' al-Awwal 1435H (corresponding to 12 January 2014G)	Saudi	39	-	-
Ibrahim Ali Ghram Al Ghamdi	General Manager of the Home Sector	28 Rabi' al-Thani 1445H (corresponding to 12 November 2023G)	Saudi	58	-	-
Mohammed Khaleel Mohammed Al Maridi	Senior Manager of Marketing and Corporate Communications Department	15 Shawwal 1443H (corresponding to 15 May 2022G)	Jordanian	31	-	-

Source: The Company.

5.4.3 Biographies of Senior Executives

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

5.4.3.1 Abdullah Rakan Ahmed Al Timyat, Chief Executive Officer

Nationality:	Saudi.
Age:	38 years.
Academic and Professional Qualifications:	• Bachelor's Degree in Business Administration, King Abdulaziz University, Jeddah, Saudi Arabia, 2012G; • CIPD Level V Certification, Chartered Institute of Personnel and Development, London, UK, 2017G; and
Appointment Date (Current Term):	22 Ramadan 1445H (corresponding to 1 April 2024G).
Current Positions:	• Chief Executive Officer of the Company since 2024G.
Key Past Professional Experience:	• Chief Executive Officer, Areeb Human Resources, a limited liability company, human resources Sector, from 2021G to 2024G. • Senior Director of Transformation and Corporate Performance of the Company, from 2019G to 2021G; • Senior Director of Manpower Affairs of the Company, from 2013G to 2019G; • Customer Services Supervisor, SMSA FedEx, a limited liability company, logistics Sector, from 2012G to 2013G; and • Translator and administrator, Arabian Vinyl Company, a limited liability company, military training Sector, from 2010G to 2012G. • Human Resources Officer, Albert Promosven Advertising, a limited liability company, advertising Sector, from 2005G to 2009G.

5.4.3.2 Adnan Abdallah Mohamed Ali, Chief Financial Officer

See Section 5.2.4.10 (*Adnan Abdallah Mohamed Ali, Board Secretary*) for further details regarding experience, qualifications and the current and previous positions of Adnan Abdallah Mohamed Ali.

5.4.3.3 Walid Khaled Attah Al Suboh, General Manager of Business Sector

Nationality:	Jordanian.
Age:	51 years.
Position:	General Manager of Business Sector.
Academic and Professional Qualifications:	• Bachelor's Degree in Management and Economics, Baghdad University, Baghdad, Iraq, in 1995G.
Appointment Date:	22 Shawwal 1443H (corresponding to 23 May 2022G).
Current Positions:	• Company General Manager of Business Sector, since 2022G.
Key Past Professional Experience:	• Senior Business Sales Manager, the Company, from 2014G to 2021G. • Regional Manager, Mobily (Etihad Etisalat Company), a public joint stock company, telecommunications sector, from 2007G to 2014G.

5.4.3.4 Bandar Ahmed Abdullah Al Dahash, General Manager of Shared Services

Nationality:	Saudi.
Age:	42 years.
Position:	General Manager of Shared Services.
Academic and Professional Qualifications:	• Diploma Degree in Computer Programming, Institute of Public Administration, Riyadh, Kingdom of Saudi Arabia, in 2003G; and • High Diploma (CIPD7), London, United Kingdom, 2023G.
Appointment Date	3 Dhul Qidah 1443H (corresponding to 2 June 2022G).
Current Positions:	• Company General Manager of Shared Services, since 2022G.

Key Past Professional Experience:	• Senior Human Resources Manager, the Company, from 2014G to 2021G. • Human Resources and Operations Manager, Maximus Company, a limited liability company, human resources sector, from 2012G to 2014G; and • Human Resources Manager, iNet Company, a limited liability company, information technology sector, from 2011G to 2012G.

5.4.3.5 Fares Ibrahim Ali Al Qahtani, Senior Manager of Manpower Affairs

Nationality:	Saudi.
Age:	41 years.
Position:	Senior Manager of Manpower Affairs.
Academic and Professional Qualifications:	• Bachelor's Degree in Networks and Communications, Yemen University, Sana'a, Yemen, in 2006G; and • Member of the Australian HR Institute (PHRI), Melbourne, Australia, in 2020G.
Appointment Date	15 Jumada al-Akhirah 1443H (corresponding to 18 January 2022G).
Current Positions:	• Company Senior Manager of Manpower Affairs, since 2022G.
Key Past Professional Experience:	• Human Resources Manager, Al Jomaih Beverages Packaging Company, a limited liability company, food production sector, from 2021G to 2022G; and • Head of Human Resources, Al Olayan Food Services Company, a limited liability company, food production sector, from 2019G to 2020G.

5.4.3.6 Nasser Abdullah Ali Al Duraihem, Acting Manager of Recruitment Department

Nationality:	Saudi.
Age:	58 years.
Position:	Acting Manager of Recruitment Department.
Academic and Professional Qualifications:	• High School Diploma, Thadeq High School, Thadeq, Kingdom of Saudi Arabia, in1983G.
Appointment Date	20 Rajab 1445H (corresponding to 1 February 2024G).
Current Positions:	• Company Acting Manager of Recruitment Department, since 2024G; and • Company Senior Manager of Overseas Recruitment, since 2012G.
Key Past Professional Experience:	• Chief Executive Officer, Al Qassr Agency for Recruitment, a sole establishment, human resources sector, from 2004G to2012G; and • Regional Manager, Silky Telecom Company, a limited liability company, telecommunications sector, from 1994G to 2002G.

5.4.3.7 Ibrahim Ali Ghram Al Ghamdi, General Manager of the Home Sector

Nationality:	Saudi.
Age:	38 years.
Position:	General Manager of the Home Sector.
Academic and Professional Qualifications:	• Bachelor's degree in Industrial Engineering, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 2010G.
Appointment Date	28 Rabi' al-Thani 1445H (corresponding to 12 November 2023G).
Current Positions:	• Company General Manager of the Home Sector, since 2023G; and • Company Manager of Raha Sector, since 2021G.
Key Past Professional Experience:	• Manager of Planning and Demand, the Company, from 2017G to 2020G. • Project Manager, National Gas and Industrialisation Company, a public joint stock company, gas sector, from 2015G to 2016G.

5.4.3.8 Mohammed Khaleel Mohammed Al Maridi, Senior Manager of Marketing and Corporate Communications Department

Nationality:	Jordanian.
Age:	31 years.
Position:	Senior Manager of Marketing and Corporate Communications Department.
Academic and Professional Qualifications:	• Master's Degree in Business Administration, South Bank University, London, United Kingdom, in 2017G; and • Postgraduate Diploma in Artificial Intelligence, University of Geneva, Geneva, Switzerland, in 2020G.
Appointment Date	15 Shawwal 1443H (corresponding to 15 May 2022G).
Current Positions:	• Company Senior Manager of Marketing and Corporate Communications Department, since 2022G.
Key Past Professional Experience:	• General Manager of the Marketing Sector, Saad Eldin Group, a limited liability company, food production sector, from 2021G to 2022G; and • Marketing Manager, Growth of wealth Group, a limited liability company, food production sector, from 2018G to 2021G.

5.4.4 Employment Contracts with the Chief Executive Officer and Chief Financial Officer

The following table shows a summary of the employment contracts with the Company's Chief Executive Officer and Chief Financial Officer:

Table 5.7: Summary of Employment Contracts Concluded with the Company's Chief Executive Officer and Chief Financial Officer

Name	Title	Appointment Date	Date of Contract Conclusion	Term of Contract / Renewal Mechanism
Abdullah Rakan Ahmed Al Timyat	Chief Executive Officer	22 Ramadan 1445H (corresponding to 1 April 2024G)	22 Ramadan 1445H (corresponding to 1 April 2024G)	Three years and automatically renewed for one year unless either party notifies the other party of its intention not to renew.
Adnan Abdallah Mohamed Ali	Chief Financial Officer	26 Rabi' al-Thani 1444H (corresponding to 20 November 2022G)	26 Rabi' al-Thani 1444H (corresponding to 20 November 2022G)	One year and automatically renewed for a similar period unless either party notifies the other party of its intention not to renew.

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;
- managing the strategic affairs, customer relationships, business transformation and digital technology adoption 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.

The duties and responsibilities of the Chief Financial Officer can be summarised as follows:

- assisting in the formulation of the Company's objectives and lead the Company's financial planning process;
- leading the financial reporting process and strengthening the Company's internal control systems;
- optimising 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

The remuneration of Directors shall be determined in accordance with 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.

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 the Subsidiaries for the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G. Furthermore, neither the Directors, nor Committee Members received any in-kind rewards or benefits.

Table 5.8: Directors and Top Five Senior Executives Remuneration in the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Nine-Month Period Ended 30 September 2023G

	Financial Year Ended 31 December			The Nine-Month Period Ended 30 September
	2020G	2021G	2022G	2023G
	(SAR)			
Directors	2,691,000	2,736,000	200,000(1)	2,619,750
Members of the Committees	252,000	204,000	195,000	195,000
Top Five Senior Executives (including CEO and CFO)	14,738,764	7,615,334	6,540,522	3,448,981
Total .	**17,681,764**	**10,555,334**	**6,935,522**	**6,263,731**

Source: The Company.

(1) Some members of the Board of Directors waived their bonuses for that year.

5.6 Corporate Governance

The Company's policy is to adopt high standards of corporate governance. The Company's Board of Directors undertakes that the Company is currently in compliance with the majority of the provisions of the Corporate Governance Regulations and the Company will be fully compliant with all the provisions of the Corporate Governance Regulations as of the listing date.

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 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 16 Rabi' al-Thani 1445H (corresponding to 31 October 2023G) includes provisions in relation to the following:

- rights of the Shareholders;
- the Board of Directors (including the Board formation, membership, meetings, working procedures, competencies, duties and powers, development, support, evaluation and remuneration);
- Committees;
- management;
- internal control and audit; and
- internal policies.

Further, 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 Company announcing 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(b) 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 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 Company;

- Article 15 (d) on providing the CMA with copy of the minutes of the General Assembly meeting;
- 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 the Board of Directors annually evaluating the extent of the Board member's independence and ensuring that there are no relationships or circumstances that affect or may affect his/her independence;
- Article 65 on the Company publishing 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 yet 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 complying with all the other provisions of the Corporate Governance Regulations and the Companies Law.

The Company has three Committees (the Audit Committee, the Nominations 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 5.2.4.10 (*Adnan Abdallah Mohamed Ali, Board Secretary*)).

The Board of Directors consists of nine members most of whom are non-executive Directors (including three independent members) in accordance with the Corporate Governance Regulations. The Board of Directors ensures, among other things, that:

- all the Committees have clear competencies and that the roles and responsibilities of each Committee shall be detailed; and
- minutes of all meetings will be prepared, reviewed and signed by the Board of Directors in accordance with the Bylaws.

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 27 and 71 of the Companies Law. The Directors confirm that:

a- they will comply with the Articles 27 and 71 of the Companies Law and the Articles 42 and 44 of the Corporate Governance Regulations;

b- 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

c- they will not compete with the Company's business without the approval of the Ordinary General Assembly in accordance with the Article 27 of the Companies Law.

As of the date of this Prospectus, none of the Directors, Senior Executives, Board Secretary nor any of their relatives have any direct or indirect interest in the Shares or debt instruments of the Company or the Shares or debt instruments in its Subsidiaries or any matter that may in any way affect the business of the Company, except for the following:

Table 5.9: Summary of Interests of the Directors in the Shares of the Company and its Subsidiaries

Director	Interest in	Position	Direct Ownership	Indirect Ownership	Description
Fahad Ali Mohammed Al Muheideb	Company	Chairman	-	-	As of the date of this Prospectus, Fahad Ali Mohammed Al Muheideb's wife indirectly owns 7.315% of the Company's shares.
Saad Nahar Baddah Al Mutairi	Company	Vice Chairman	-	6.44%	As of the date of this Prospectus, Saad Nahar Baddah Al Mutairi indirectly owns 6.439% of the Company's shares.
Fahad Zowed Milfi Al Mutairi	Company	Director	-	2.10%	As of the date of this Prospectus, Fahad Zowed Milfi Al Mutairi indirectly owns 2.100% of the Company's shares.
Saleh Mohamed Abdulaziz Alhabeeb	Company	Director	-	0.04%	As of the date of this Prospectus, Saleh Mohamed Abdulaziz Alhabeeb indirectly owns 0.044% of the Company's shares.

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 44 of the Corporate Governance Regulations and Article 27 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 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	Total Revenue from the Contract/Transaction	Directors with a Direct or Indirect Interest	Date of Approval of Transactions by the General Assembly	Date of Approval of Transactions by the Board
		For the Financial Year Ended 31 December 2022G	For the Nine-Month Period Ended 30 September 2023G			
The Company (as service provider) and Al Holoul Al Mutakamela Holding Company (as customer)	Revenue from shared services (human resources and legal)	SAR 1,092,090	529,000	Fahad Ali Mohammed Al Muhaideb, Saad Nahar Baddah Al Mutairi, Fahad Zowed Milfi Al Mutairi and Hesham Hasan Saleh Atieh are members of the Board of Directors of Al Holoul Al Mutakamela Holding Company.	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G)	-
The Company (as service provider) and Saudi Facilities Management (Saudi Marafiq) (as customer)	Manpower services and others	45,375,070	33,169,558	Fahad Ali Mohammed Al Muhaideb, Saad Nahar Baddah Al Mutairi, Fahad Zowed Milfi Al Mutairi and Hesham Hasan Saleh Atieh are members of the Board of Directors of Al Holoul Al Mutakamela Holding Company that own 100% of Saudi Facilities Management Company (Saudi Marafiq).	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G)	-
The Company (as customer) and Saudi Facilities Management (Saudi Marafiq) (as service provider)	Operation and Maintenance Costs	9,897,418	10,132,836	Fahad Ali Mohammed Al Muhaideb, Saad Nahar Baddah Al Mutairi, Fahad Zowed Milfi Al Mutairi and Hesham Hasan Saleh Atieh are members of the Board of Directors of Al Holoul Al Mutakamela Holding Company that own 100% of Saudi Facilities Management Company (Saudi Marafiq).	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G)	-
The Company (as service provider) and Saudi Facilities Management (Saudi Marafiq) (as customer)	Revenue from shared services (human resources and legal)	-	391,500	Fahad Ali Mohammed Al Muhaideb, Saad Nahar Baddah Al Mutairi, Fahad Zowed Milfi Al Mutairi and Hesham Hasan Saleh Atieh are members of the Board of Directors of Al Holoul Al Mutakamela Holding Company that own 100% of Saudi Facilities Management Company (Saudi Marafiq).	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G)	-
The Company (as service provider) and Esnad for Building and Residential Cleaning Services Company (as customer)	Revenue from shared services (human resources and legal)	-	202,500	Fahad Ali Mohammed Al Muhaideb, Saad Nahar Baddah Al Mutairi, Fahad Zowed Milfi Al Mutairi and Hesham Hasan Saleh Atieh are Members of the Board of Directors of Al Holoul Al Mutakamela Holding Company that own 100% of Esnad for Building and Residential Cleaning Services Company.	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G)	-

Parties	Nature of the Contract or Transaction	Total Revenue from the Contract/Transaction For the Financial Year Ended 31 December 2022G	Total Revenue from the Contract/Transaction For the Nine-Month Period Ended 30 September 2023G	Directors with a Direct or Indirect Interest	Date of Approval of Transactions by the General Assembly	Date of Approval of Transactions by the Board
The Company (as service provider) and Areeb Human Resources Company (as customer)	Manpower services and others	-	286,487	Fahad Ali Mohammed Al Muhaideb, Saad Nahar Baddah Al Mutairi, Fahad Zowed Milfi Al Mutairi and Hesham Hasan Saleh Atieh are members of the Board of Directors of Al Holoul Al Mutakamela Holding Company that own 100% of Areeb Human Resources Company.	-	1 Jumada al-Akhirah1445H (corresponding to 14 December 2023G) (1)
The Company (as service provider) and Funoon Services for Operation and Maintenance Company (as customer)	Manpower services and others	890,077	997,964	The (former) Chief Executive Officer, Ayman Ali Hamad Al Tamami is a shareholder in Funoon Services for Operation and Maintenance Company. (Ayman Ali Hamad Al Tamami resigned from his position as Chief Executive Officer of the Company on 21 Ramadan 1445H (corresponding to 31 March 2024G) due to personal circumstances).	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G)	-
The Company (as service provider) and Riyadh Inn Hotel (as customer)	Manpower services and others	170,634	3,336	The Vice Chairman, Saad Nahar Baddah Al Mutairi is a shareholder in Riyadh Inn Hotel.	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G)	
The Company (as service provider) and Alfa Company for Operations Services (as customer)	Manpower services and others	561,492	428,376	Member of the Board of Directors, Majed Abdullah Ibrahim Alkuraydis is the General Counsel of Al Faisaliah Holding Group that indirectly owns 100% of Alfa Company for Operations and Services.	-	1 Jumada al-Akhirah1445H (corresponding to 14 December 2023G) (1)
The Company (as service provider) and Modern Electronics Company (Sony) (as customer)	Manpower services and others	359,284	269,743	Member of the Board of Directors, Majed Abdullah Ibrahim Alkuraydis is the General Counsel of Al Faisaliah Holding Group that indirectly owns 100% of Modern Electronics Company (Sony)	-	1 Jumada al-Akhirah1445H (corresponding to 14 December 2023G) (1)
The Company (as service provider) and Al Safi Danone Limited Company (as customer)	Manpower services and others	Zero	3,207,421	Member of the Board of Directors, Majed Abdullah Ibrahim Alkuraydis is the General Counsel of Al Faisaliah Holding Group that indirectly owns 8% of the shares of Al Safi Danone Limited Company.	-	1 Jumada al-Akhirah1445H (corresponding to 14 December 2023G) (1)

(1) The agreement was approved by the Board based on the authorisation granted to them by the General Assembly on 5 Jumada al-Ula 1445H (corresponding to 28 November 2023G).

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 was 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 concerning the recruitment process, training, work schedules, health care, social insurance benefits, salaries and other allowances and benefits, including accommodation and transportation allowances and rewards.

5.10 Number of Employees

As of 30 September 2023G, the Company employed 417 employees (77 per cent. of whom were Saudi nationals) and the Group employed in total 635 employees (72 per cent. of whom were Saudi nationals).

The following table shows the number of employees of the Company by department as of 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G:

Table 5.11: Number of Employees of the Company by Department as of 31 December 2020G, 2021G and 2022G and the Nine-Month Period Ended 30 September 2023G

Department	31 December												Nine-Month Period Ended 30 September			
	2020G				2021G				2022G				2023G			
	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage
Shared Services	14	8	22	64%	20	6	26	77%	20	8	28	71%	15	7	22	68%
Executive Officer Office	2	0	2	100%	3	0	3	100%	2	0	2	100%	2	0	2	100%
Manpower Recruitment	7	5	12	58%	6	3	9	67%	6	4	10	60%	5	5	10	50%
Businesses	8	29	37	22%	12	30	42	29%	6	33	39	15%	21	37	58	36%
Top Clients	187	7	194	96%	162	6	168	96%	167	7	174	96%	172	7	179	96%
Household	40	17	57	70%	35	3	38	92%	39	3	42	93%	42	5	47	89%
Finance	4	22	26	15%	11	15	26	42%	11	11	22	50%	11	10	21	52%
Internal Audit	0	1	1	0%	0	1	1	0%	0	1	1	0%	0	1	1	0%
Legal management	5	0	5	100%	5	0	5	100%	7	0	7	100%	6	0	6	100%
Manpower relations	23	16	39	59%	28	4	32	88%	33	15	48	69%	35	16	51	69%
Marketing management	0	1	1	0%	0	1	1	0%	2	3	5	40%	3	3	6	50%
Strategy	1	5	6	17%	3	2	5	60%	4	2	6	67%	4	2	6	67%
Compliance	0	0	0	0%	2	0	2	100%	2	0	2	100%	1	0	1	100%
Information Technology	3	11	14	7%	0	0	0	0%	0	0	0	0%	3	4	7	43%
Housing and transportation	46	10	56	39%	0	0	0	0%	0	0	0	0%	0	0	0	0%
Customer Experience	86	16	102	66%	0	0	0	0%	0	0	0	0%	0	0	0	0%
Total	**426**	**148**	**574**	**74%**	**287**	**71**	**358**	**80%**	**299**	**87**	**386**	**77%**	**320**	**97**	**417**	**77%**

Source: The Company.

The table below shows the number of employees of the Company and its Subsidiaries and the achieved Saudisation percentages as of 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G:

Table 5.12: Number of Employees of the Company and its Subsidiaries and the Achieved Saudisation Percentages as of 31 December 2020G, 2021G and 2022G and the Nine-Month Period Ended 30 September 2023G

Entity	31 December												Nine-Month Period Ended 30 September			
	2020G				2021G				2022G				2023G			
	Saudi	Non-Saudi	Total	Saudisation Percentage / Category	Saudi	Non-Saudi	Total	Saudisation Percentage / Category	Saudi	Non-Saudi	Total	Saudisation Percentage / Category	Saudi	Non-Saudi	Total	Saudisation Percentage / Category
The Company	426	148	574	74% Platinum	287	71	358	80% Platinum	299	87	386	77% Platinum	320	97	417	77% Platinum
SLSC	-	-	-	-	58	31	89	65% Platinum	67	25	92	73% Platinum	63	29	92	68% Platinum
Romoz (1)	-	-	-	-	5	6	11	45% Green	8	9	17	47% Green	-	-	-	-
Terhab	-	-	-	-	75	22	97	77% Platinum	115	28	143	80% Platinum	91	35	126	72% Platinum
Saneem	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Business Solutions (2) (3)	-	-	-	-	-	-	-	-	-	34	34	-	-	-	-	-
Total	**426**	**148**	**574**	**74%**	**425**	**130**	**555**	**78%**	**489**	**183**	**627**	**77%**	**474**	**161**	**635**	**75%**

Source: The Company.

(1) Liquidation procedures has begun and employees were transferred to the Company.

(2) Company under liquidation.

(3) Business Solutions is a wholly-owned Subsidiary of the Company indirectly, where the two Subsidiary companies of the Company, Terhab and Romoz, own 76 per cent. and 24 per cent. respectively of its shares.

سماسكو
SMASCO

6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

6.1 Introduction

The Group's Management Discussion and Analysis section provides an analytical review of the Group's results of operations and financial position during the years ended 31 December 2020G, 2021G, and 2022G and the nine-month periods ended 30 September 2022G and 2023G (collectively, the "**Historical Period**"). This section should be read in conjunction with the information presented under Section 6.7.1 (*Summary of the Group's Financial Information and Key Performance Indicators for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G*), the Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G (including comparatives for the nine-month period ended 30 September 2022G) and the accompanying notes thereto.

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 2020G, 2021G and 2022G.

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 nine-month period ended 30 September 2023G.

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 2020G, 2021G and 2022G 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 nine-month period ended 30 September 2023G, by the Auditors.

None of the Auditors (Baker Tilly MKM & Co. for the financial years ended 31 December 2020G, 2021G and 2022G and Dr Mohamed Al-Amri & Co for the nine-month period ended 30 September 2023G), or any of their Subsidiaries, employees, or relatives thereof owns any shares or interests of any kind in the Group that may affect their independence, as at the date of the Auditor's Report on the financial statements. The Auditors have given and, as at the date of this Prospectus, have not withdrawn their written consent to the reference in the Prospectus to their role as the auditors of the Group for the Historical Period.

The aforementioned financial statements are an integral part of this Prospectus which should be read in conjunction with these statements and their supplementary explanations. These financial statements can be reviewed in Section 19 *(Financial Statements and Auditors' Report)* of this Prospectus.

All amounts in this section have been rounded to the nearest million Saudi Arabian Riyals unless otherwise stated, and numbers and percentages are rounded to the nearest decimal. As such, the sum of the numbers may differ from those stated in the tables. Accordingly, all annual percentages, indicators, expenses, and CAGRs are based on the rounded figures.

The financial information for the financial year ended 31 December 2020G was extracted from the financial information for the comparative year presented in the Group's consolidated audited financial statements for the financial year ended 31 December 2021G. The financial information for the financial year ended 31 December 2021G and 2022G was derived from the Group's consolidated audited financial statements for the financial year ended 31 December 2022G and the financial information for the nine-month periods ended 30 September 2022G and 30 September 2023G was derived from the reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G (including comparatives for the nine-month period ended 30 September 2022G).

This section might include hypothetical statements related to the Group's future forecasts, based on the management's plans and prospects with regard to the Group's growth, results of operations, and financial position as well as related 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 the Prospectus or elsewhere, particularly Section 2 *(Risk Factors)* of this Prospectus.

6.2 Directors' Declarations Regarding the Financial Statements

The Directors declare that the financial information presented in this section is derived without material change and is presented consistent with the consolidated audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G. In addition, certain financial information presented in this section has been extracted from management information. The consolidated audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the accompanying notes were prepared in accordance with IFRS as endorsed in the Kingdom, and other issuances issued by SOCPA and the reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G and the accompanying notes were prepared by the Group in accordance with IAS 34 *(Interim Financial Reporting)* endorsed in the Kingdom and other standards and pronouncements issued by SOCPA, and have been audited by the Auditors, as set out in their audit reports.

The Directors also declare that the Group has sufficient working capital for the next 12 months following the date of this Prospectus.

The Directors declare that there have been no material changes in the accounting policies adopted by the Group 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 Directors declare that there has been no material change in the financial or business position of the Group during the three financial years immediately preceding the date of filing the application for registration and offering of the securities subject to this Prospectus and during the period from the end of the period covered in the Auditors' Report to the date of this Prospectus.

The Directors declare that all material facts related to the Group and its financial performance have been disclosed in this Prospectus, and that there is no other information, documents, or facts the omission of which would make any statement herein misleading.

The Directors declare that other than what has been disclosed in Section 6.8.1.3 *(Investments at Fair Value through Profit or Loss),* the Group does not have any properties, including contractual financial securities or other assets, the value of which are subject to fluctuations or are difficult to ascertain, which significantly affects the evaluation of the financial position.

The Directors acknowledge that no material structural changes have occurred during the three fiscal years immediately preceding the date of submission of this Prospectus.

The Directors and senior executives confirm that the Group did not provide any commissions, discounts, brokerage fees or any other non-cash compensation in connection with the issuance or offering of any securities within the three years immediately preceding the date that the application for admission and offering of the securities subject to this Prospectus was submitted.

The 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 Directors declare that there is no contemplated material change to the nature of the Group's business, except as disclosed in Section 6.4.4 *(Discontinued Operations)*.

The Directors declare that the Group's operations have not been discontinued in such a way as to affect or have significantly affected the financial position in the last twelve months, except as disclosed in Section 6.4.4 *(Discontinued Operations)*.

The Directors declare that, based on information provided by the Shareholders, none of the Group's shares are under option as at the date of this Prospectus.

The Directors declare that the Group does not have any contingent liabilities or guarantees except as disclosed in Section 6.9 *(Contingent Liabilities)*.

Except as disclosed in this Prospectus, neither the Directors nor any of their relatives have any shares or interest of any kind in the Issuer.

The Directors acknowledge that the Group has no information about any seasonal factors or economic cycles related to its business activity and that may have an impact on the Group's business and financial position, except those disclosed in Section 2 *(Risk Factors)* of this Prospectus.

The Directors acknowledge 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 Group's operations except the information disclosed in Section 2 *(Risk Factors)* of this Prospectus.

The 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 split of shares following the Extraordinary General Assembly held on 29 May 2023G, where it approved the split of each share into ten equal shares, so that the total number of shares became 400,000,000 shares of equal value at a nominal value of SAR 1 per share.

The above declarations are made by the Board of Directors in addition to any other declarations expressly set out in this Prospectus.

6.3 Group Overview

6.3.1 Subsidiaries

The following table shows the Group's Subsidiaries for the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month periods ended 30 September 2022G, and 30 September 2023G:

Table 6.1: The Group's Subsidiaries for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Nine-Month Periods Ended 30 September 2022G, and 30 September 2023G

Company Name	Ownership For the Financial Years Ended 31 December			Ownership For the Nine-Month Periods Ended 30 September	Legal Entity	Region
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed		
Saudi Logistic Services Company Limited	100%	100%	100%	100%	LLC	Kingdom
Terhab Customer Experience Company	100%	0%	100%	100%	LLC	Kingdom
Romoz Development Company for Communications and Information Technology Company	100%	0%	100%	100%	LLC	Kingdom
Saneem Investment Company	0%	0%	100%	100%	LLC	Kingdom
Esnad for Building & Housing Cleaning Services Company	100%	100%	0%	0%	LLC	UAE
Areeb Human Resources Company	100%	100%	0%	0%	LLC	Kingdom
Saudi Facilities Management Company	100%	0%	0%	0%	LLC	Kingdom
Saudi Medical Services Company	100%	0%	0%	0%	LLC	Kingdom
Businesses Solutions Centre Private Limited Company	0%	0%	100%	100%	LLC	INDIA

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

The following table shows the financial position of the Group's Subsidiaries as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.2: The Financial Position of the Group's Subsidiaries as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

Company Name	As of 31 December 2020G		As of 31 December 2021G		As of 31 December 2022G		As of 30 September 2023G	
	Total Assets (SAR'000)	Total Liabilities (SAR'000)	Total Assets (SAR'000)	Total Liabilities (SAR'000)	Total Assets (SAR'000)	Total Liabilities (SAR'000)	Total Assets (SAR'000)	Total Liabilities (SAR'000)
Saudi Logistics Services Company Limited	836	-	6,132	5,159	121,182	73,299	111,621	69,557
Romoz Development Company for Communications and Information Technology Company	918	-	-	-	7,967	2,005	5,254	784

Company Name	As of 31 December 2020G		As of 31 December 2021G		As of 31 December 2022G		As of 30 September 2023G	
	Total Assets (SAR'000)	Total Liabilities (SAR'000)	Total Assets (SAR'000)	Total Liabilities (SAR'000)	Total Assets (SAR'000)	Total Liabilities (SAR'000)	Total Assets (SAR'000)	Total Liabilities (SAR'000)
Terhab Customer Experience Company	1,187	40	-	-	5,656	3,081	8,448	4,759
Saneem Investment Company	-	-	-	-	3,150	2,151	6,900	6,005
Areeb Human Resources Company	972	-	1,148	784	-	-	-	-
Esnad for Building & Housing Cleaning Services Company	7,656	7,554	11,339	11,237	-	-	-	-
Saudi Facilities Management Company	23,513	20,341	-	-	-	-	-	-
Saudi Medical Services Company	18,848	14,313	-	-	-	-	-	-
Businesses Solutions Centre Private Limited Company	-	-	-	-	1,362	1,671	1,202	1,739

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and management information for the nine-month period ended 30 September 2023G.

The following table shows the financial performance of the Group's Subsidiaries for the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month periods ended 30 September 2022G and 30 September 2023G:

Table 6.3: The Financial Performance of the Group's Subsidiaries for the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

Company name	Financial Year Ended 31 December 2020G		Financial Year Ended 31 December 2021G		Financial Year Ended 31 December 2022G		Nine-Month Period Ended 30 September 2022G		Nine-Month Period Ended 30 September 2023G	
	Total Revenue (SAR'000)	Profit/ Loss for the Year (SAR'000)	Total Revenue (SAR'000)	Profit/ Loss for the Year (SAR'000)	Total Revenue (SAR'000)	Profit/ Loss for the Year (SAR'000)	Total Revenue (SAR'000)	Profit/ Loss For The Year (SAR'000)	Total Revenue (SAR'000)	Profit/ Loss for the Year (SAR'000)
Saudi Logistics Services Company Limited	-	(164)	7,390	137	103,870	9,910	78,123	8,289	58,961	(5,819)
Romoz Development Company for Communications and Information Technology Company	-	(82)	-	-	20,031	3,660	12,926	1,265	-	(1,492)
Terhab Customer Experience Company	617	147	-	-	17,878	1,694	12,288	640	12,002	1,114
Saneem Investment Company	-	-	-	-	-	(1)	-	-	-	(103)
Areeb Human Resources Company	-	(28)	-	(609)	-	-	-	-	-	-
Esnad for Building & Housing Cleaning Services Company	-	(2,630)	7,329	(4,048)	-	-	-	-	-	-

Company name	Financial Year Ended 31 December 2020G		Financial Year Ended 31 December 2021G		Financial Year Ended 31 December 2022G		Nine-Month Period Ended 30 September 2022G		Nine-Month Period Ended 30 September 2023G	
	Total Revenue (SAR'000)	Profit/ Loss for the Year (SAR'000)	Total Revenue (SAR'000)	Profit/ Loss for the Year (SAR'000)	Total Revenue (SAR'000)	Profit/ Loss for the Year (SAR'000)	Total Revenue (SAR'000)	Profit/ Loss For The Year (SAR'000)	Total Revenue (SAR'000)	Profit/ Loss for the Year (SAR'000)
Saudi Facilities Management Company	47,857	(2,964)	-	-	-	-	-	-	-	-
Saudi Medical Services Company	35,963	3,568	-	-	-	-	-	-	-	-
Businesses Solutions Centre Private Limited Company	-	-	-	-	945	(313)	402	(411)	-	(228)

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and management information for the nine-month period ended 30 September 2023G.

The main activity of the Subsidiary companies in the services of employment assistance, operating transporting passengers and goods within cities, accommodation and related services, customer experience and services, mediating the employment of Saudis.

6.3.2 Company's Shareholders

The following table shows the shareholders of the Company as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.4: Share Capital as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December									As of 30 September		
Name of Shareholder	Number of shares ('000)	2020G Audited Shareholding (%)	Value	Number of shares ('000)	2021G Audited Shareholding (%)	Value	Number of shares ('000)	2022G Audited Shareholding (%)	Value	Number of shares ('000)	2023G Reviewed Shareholding (%)	Value
Al Holoul Al Mutakamela Holding Company	-	-	-	-	-	-	28,000	70.0%	280,000	280,000	70.0%	280,000
Rafid Advanced Investment Company	-	-	-	-	-	-	3,000	7.5%	30,000	30,000	7.5%	30,000
Mohammed Abdulaziz Al Habib and Sons Holding Company	-	-	-	-	-	-	4,000	10.0%	40,000	20,000	5.0%	20,000
Maalem Al Masa Real Estate Company	-	-	-	-	-	-	-	-	-	20,000	5.0%	20,000
Fahad Ali Mohammed Al Mehedb	4,180	10.5%	41,800	4,180	10.5%	41,800	-	-	-	-	-	-
Saad Nahar Baddah Al Mutairi	3,640	9.1%	36,400	3,640	9.1%	36,400	-	-	-	-	-	-

SAR '000	As of 31 December						As of 30 September					
Name of Shareholder	Number of shares ('000)	2020G Audited Shareholding (%)	Value	Number of shares ('000)	2021G Audited Shareholding (%)	Value	Number of shares ('000)	2022G Audited Shareholding (%)	Value	Number of shares ('000)	2023G Reviewed Shareholding (%)	Value
Abdullah Zamil Mohammed Al Omar	3,380	8.5%	33,800	3,380	8.5%	33,800	-	-	-	-	-	-
Others	28,800	72.0%	288,000	28,800	72.0%	288,000	5,000	12.5%	50,000	50,000	12.5%	50,000
Total	**40,000**	**100.0%**	**400,000**	**40,000**	**100.0%**	**400,000**	**40,000**	**100.0%**	**400,000**	**400,000**	**100.0%**	**400,000**

Source: Management information.

6.4 Basis of Preparation

6.4.1 Basis of Measurement

The consolidated financial statements have been prepared based on the historical cost convention, except for the employee's defined benefits obligation, which measured at the present value of the future liabilities using the expected credit unit and the investment at fair value through profit or loss which measured at fair value.

6.4.2 Presentation and Functional Currency

The consolidated financial statements are presented in Saudi Arabian Riyal which is the presentation and functional currency, used in the preparation of the financial reports of the Group. The amounts have been displayed in full, unless otherwise indicated.

6.4.3 Use of Judgments and Estimates

In preparing the consolidated financial statements, Management had made judgments, estimates and assumptions that affect the application of the Group's accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Adjustments arising from accounting estimates are included in the year where estimates are amended and in the subsequent years affected by the amendment.

Uncertain Assumptions and Estimates

The information about the uncertain assumptions and estimates with significant risks that lead to substantial changes, were included in the following disclosures:

Uncertain Zakat Positions

The Group current zakat provision relates to Management's assessment of the amount of zakat payable on open zakat positions where the liabilities remain to be agreed with ZATCA. Due to the uncertainty associated with these zakat items, there is a possibility that the final outcome upon the issuance of the final assessment by ZATCA may differ in the future periods.

Impairment of Trade Receivables

The Group uses a specific matrix to calculate the allowance of expected credit loss for trade receivables. Provision rates are based on the days since maturity for groups of different customer sectors that have similar loss patterns (i.e. depending on the type of customer or the coverage of collateral and other forms of credit insurance).

The allowance matrix is initially based on the default rates of the historical collections of the Company and the calculation of the allowance reflects the weights of probabilities related to the results, the time value of the funds and the reasonable information at the reporting date on past events and future economic conditions. On the date of each financial report, default rates are updated and changes in future estimates are analysed.

The relationship between the observed historical default rates, the expected economic conditions and the expected credit losses is a significant estimate. Expected credit losses are sensitive to changes in economic conditions and expectations. The Company's historical credit loss experience and its forecasts for economic conditions may also not reflect the actual default of customers in the future.

Basis of Consolidation of Consolidated Financial Statements

The consolidated financial statements include the financial statements of the Company and its Subsidiaries for the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month periods ended 30 September 2022G and 30 September 2023G.

Control of the investee is realized when, and only when, the investing company has all the following:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure to risks or has rights in variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

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

- contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Company's voting rights and potential voting rights.

The Group re-assesses whether practice controls over an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a Subsidiary begins when the Company obtains control over the Subsidiary and ceases when the Company loses control over the Subsidiary. Assets, liabilities, income, and expenses of a Subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Company begins control until the date the Company losses to control the Subsidiary.

Profit or loss and each component of other comprehensive income ("**OCI**") are attributed to the shareholders of the Company and the non-controlling interests, even if this will lead to deficit in the non-controlling interests' balance.

When necessary, adjustments are made to the financial statements of Subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between companies of the Group are eliminated in full on consolidation.

Any change in the ownership share of Subsidiary does not lead to loss the control is counted as an equity. If the Group loses control of a Subsidiary, it derecognizes the assets (including goodwill), liabilities, noncontrolling interest and other equity items, while the gain or loss is recognized in profit or loss. The remaining investment is recognized at fair value.

Business Combination

The acquisition method of accounting is used to account for the acquisition of Subsidiaries. The cost of an acquisition is measured at the total of transferred amount, which is measured at the fair value of the asset given or realized liabilities or assumed at the date of acquisition, plus the amount of any non-controlling interests in the acquired company. The excess of the cost of acquisition over the fair value of the Group's share of the net assets acquired is recorded as goodwill. Goodwill is tested annually for impairment and carried at cost, net of impairment losses, if any. Acquisition-related costs are expensed as incurred and included in administrative expenses.

6.4.4 Discontinued Operations

The Group has adjusted certain comparative figures in the interim condensed consolidated statement of profit or loss and other comprehensive income and interim condensed consolidated statement of cash flows for the three-month and nine-month periods ended 30 September 2022G as a result of:

- during the year 2022G, the Company decided to dispose two Subsidiaries and transfer their ownership at their book values to Al Holoul Al Mutakamela Holding Company (the "**Holding Company**"). The results of the discontinued operations were represented in both the interim condensed consolidated statement of profit or loss and other comprehensive income and the interim condensed consolidated statement of cash flows;
- as of 1 January 2022G, the Group acquired both Romoz Development for Communications and Information Technology Company and Terhab Customer Experience Company from the Holding Company at book value, as part of the Group's restructuring process. The impact of consolidating these two entities has not been reflected in detail for each item of the statements of the interim condensed consolidated statement of profit or loss and other comprehensive income in the financial statements for the year period ending 30 September 2022G, however when issuing the condensed and consolidated financial statements for the period ending 30 September 2023G, the results of the two companies' operations were represented in accordance with the requirements of IFRS.

The above necessitated adjusting the comparative numbers for the three-month and nine-month periods ended 30 September 2022G, noting that the financial results did not change, but rather the presentation of the financial statements was modified to show the consolidation process, and the details of these adjustments are summarized below:

Table 6.5: Comparative Figures for the Three-Month Period Ended 30 September 2022G

For the Three-Month Period Ended 30 September 2022G (SAR'000)	As Previously Issued	Adjustments from Acquisitions and Reclassifications	Adjustments from Discontinued Operations	As Restated
Statement of profit or loss				
Revenues	468,005	(2,181)	(2,632)	463,191
Cost of Revenues	(410,493)	(43)	2,655	(407,880)
General and administration expenses	(16,429)	(266)	2,069	(14,626)
Selling and marketing expenses	(7,976)	1,322	346	(6,308)
Expected credit losses	-	1,885	-	1,885
Other income, net	3,091	(2,465)	(82)	544
Finance cost	(304)	-	27	(277)
Zakat	(2,938)	-	53	(2,885)
Loss from discontinued operations	-	-	(2,436)	(2,436)

Source: The Group's reviewed interim consolidated financial statements for the nine-month period ended 30 September 2023G.

Table 6.6: Comparative Figures for the Nine-Month Period Ended 30 September 2022G

For the Nine-Month Period Ended 30 September 2022G (Currency: SAR'000)	As Previously Issued	Adjustments from Acquisitions and Reclassifications	Adjustments from Discontinued Operations	As Restated
Statement of profit or loss				
Revenues	1,367,569	1,072	(6,050)	1,362,591
Cost of Revenues	(1,176,708)	(16,784)	6,327	(1,187,165)
General and administration expenses	(45,853)	4,489	5,880	(35,483)
Selling and marketing expenses	(33,860)	12,483	1,213	(20,163)
Expected credit losses	(114)	-	-	(114)
Other income, net	7,898	(1,218)	(186)	6,493
Finance cost	(939)	-	89	(849)
Zakat	(8,664)	(41)	62	(8,643)
Loss from discontinued operations	-	-	(7,336)	(7,336)

Source: The Group's reviewed interim consolidated financial statements for the nine-month period ended 30 September 2023G.

The Group has reclassified certain non-material comparative figures in the statement of financial position as 31 December 2022G as follows:

Table 6.7: Non-Material Comparison Figures in the Statement of Financial Position as of 31 December 2022G

31 December 2022G (Currency: SAR'000)	As Previously Issued	Reclassification	Balance After Reclassification
Statement of financial position			
Prepaid expenses and other debit balances	237,602	(3,150)	234,452
Advance payments for acquisition of long-term investments	-	3,150	3,150

Source: The Group's reviewed interim consolidated financial statements for the nine-month period ended 30 September 2023G.

Discontinued Operations During 2022G

The Group decided to transfer the investment in Esnad for Building & Housing Cleaning Services Company and Areeb Human Resources Company to Al Holoul Al Mutakamela Holding Company for the purpose of re-organisation the company to align with future plans, and based on the multiple meetings of the Board of Directors on 11 December 2022G and 12 February 2023G, respectively, in which the management decided to complete the re-organisation process by transferring the ownership of Subsidiaries at their book value to Al Holoul Al Mutakamela Holding Company within legal agreements concluded on 30 November 2022G.

The following table shows the performance of the above two companies for the period ending on the date of transfer (30 November 2022G) presented in the consolidated profit or loss statement:

Table 6.8: The Performance of the Above Two Companies for the Period Ending on the Date of Transfer (30 November 2022G) Presented in the Consolidated Profit or Loss Statement

SAR'000	For the Period Ending 30 November 2022G
Revenues	8,071
Cost of revenues	(8,237)
Gross loss	(165)
General and administrative expenses	(7,615)
Marketing expenses	(1,747)
Operating losses	**(9,528)**
Other income	299
Loss before Zakat	**(9,229)**
Zakat	-
Loss for the year from discontinuous operations	**(9,229)**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2022G.

The following table shows the details of the transferred assets and liabilities of Esnad for Building & Housing Cleaning Services Company and Areeb Human Resources Company as of 30 November 2022G:

Table 6.9: Details of the Transferred Assets and Liabilities of Esnad for Building & Housing Cleaning Services Company and Areeb Human Resources Company as of 30 November 2022G

SAR'000	As of 30 November 2022G
Assets	
Current assets	
Cash and cash equivalents	1,897
Prepayments and other debit balances	3,553
Total current assets	**5,450**
Non-current assets	
Property and equipment	1,673
Right-of-use assets	1,874
Total non-current assets	**3,547**
Total assets	**8,997**
Liabilities and equity	
Liabilities	
Current liabilities	
Unearned revenues	850

SAR'000	As of 30 November 2022G
Accrued expenses and other credit balances	410
Due to related parties	4,880
Total current liabilities	**6,140**
Non-current liabilities	
Employees' defined benefit obligation	124
Lease liabilities	2,632
Total non-current liabilities	2,755
Total liabilities	**8,895**
Equity	
Share capital	102
Total equity	**102**
Total liabilities and equity	**8,997**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2022G.

The following table shows the details of the transferred assets and liabilities of Areeb Human Resources Company as of 30 November 2022G:

Table 6.10: Details of the Transferred Assets and Liabilities of Areeb Human Resources Company As of 30 November 2022G

SAR'000	As of 30 November 2022G
Assets	
Current assets	
Cash and cash equivalents	815
Trade receivables	351
Prepayments and other debit balances	570
Due from related parties	12
Total current assets	**1,748**
Non- current assets	
Property and equipment	605
Total non-current assets	**605**
Total assets	**2,353**
Liabilities and equity	
Liabilities	
Current liabilities	
Retained deposits- current portion	803
Trade payables	19
Accrued expenses and other credit balances	395
Total current liabilities	**1,218**
Non-current liabilities	
Employees' defined benefit obligation	**135**

SAR'000	As of 30 November 2022G
Total non-current liabilities	**135**
Total liabilities	**1,353**
Equity	
Share capital	1,000
Total equity	**1,000**
Total liabilities and equity	**2,353**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2022G.

Discontinued Operations During 2021G

On 5 January 2021G, the Company' Board of Directors have resolved to establish a Holding Company and transferring the assets and the investment in the Subsidiaries to the Holding Company for the purpose of complying with the requirements of practicing the recruitment activity and providing the manpower services, which restricted the Company to practice any activities other than licensed activities. Based on the general assembly's meeting, held on 19 December 2021G which resolved to authorise the Board of Directors to complete the re-organisation process through transferring the property assets, the Subsidiaries, and the shareholders' shares to the Al Holoul Al Mutakamela Holding Company, under legal agreements entered into on 31 December 2021G.

Details of the transferring process are as follows:

- **First stage (Para A):** transferring property assets from the Company to the Holding Company.
- **Second stage (Para A):** transferring the Subsidiaries from the Company to the Holding Company.
- **Third stage (Para B):** transferring the Company's shareholders shares to the Holding Company.

(A) The Company has held agreements to transfer the real estate assets and its Subsidiaries to the Holding Company as same their book value commencing 1 January 2021G, the Company and the transferred assets are under joint control as shareholders own similar shares in the Holding Company.

The following table shows the details of the transferred assets and liabilities as of 1 January 2021G:

Table 6.11: Details of the Transferred Assets and Liabilities as of 1 January 2021G

SAR'000	As of 1 January 2021G
First stage	
Projects under progress head office building	28,675
Property and equipment land of the head office building	47,144
Investment property Garnada land	26,906
Second stage	
Cash and cash equivalent	9,021
Trade receivables, net	19,907
Prepayments and other debit balances	3,223
Inventory	2,300
Due from related parties	1,266
Property and equipment - Net	2,594
Projects under progress	566
Right of use assets	5,243
Retained deposits	(2,492)
Trade payable	(3,856)

SAR'000	As of 1 January 2021G
Accrued expenses and other credit balances	(5,277)
Due to related parties	(17,951)
Leases liabilities	(3,935)
Employees' defined benefits obligation	(663)
Zakat provision	(174)
Net book value of the transferred assets and liabilities	**112,496**
Compensated as follows:	
Retained earnings	112,496
Net transferred assets	**112,496**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2022G.

The following table shows the comparative figures for the outcomes of the discontinued businesses of the Subsidiaries have been represented in an independent item in the consolidated statement of profit or loss and other comprehensive income to conform the current overall presentation:

Table 6.12: Comparative Figures for the Outcomes of the Discontinued Businesses of the Subsidiaries have been Represented in an Independent Item in the Consolidated Statement of Profit or Loss and Other Comprehensive Income to Conform the Current Overall Presentation

SAR '000	2020G	Reclassification	Impact of Disposal Subsidiaries' Discontinued 2020G Reclassification Transactions	2020G
Revenues	1,854,714	(84,287)	46,967	1,817,395
Cost of revenues	(1,591,602)	71,611	(44,309)	(1,564,300)
General and administrative expenses	(60,774)	8,151	(1,174)	(53,796)
Marketing expenses	(48,091)	2,607	(1,484)	(46,969)
Expected credit losses	(1,122)	1,122	-	-
Finance costs	(2,634)	152	-	(2,482)
Other revenues, net	704	(171)	-	533
Zakat	(13,157)	144	-	(13,012)
Losses of remeasurement for employees' defined benefits obligations -OCI	(1,173)	(44)	-	(1,217)
Profit of the year from discontinued operations	-	714	-	714
Total comprehensive income for the year	**136,864**	**-**	**-**	**136,864**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2022G.

(B) The Company's shareholders have made an agreement to transfer all their shares in the Company to the Holding Company as same shares' book value, the agreement included transferring all equities and liabilities associated to the shares and their economic interests commencing to 1 January 2021G but excluded the right to receipt all paid profit in cash to the shareholders during the year, which amounted to SAR 125.0 million.

6.4.5 Financial Instruments

The Group is exposed through its operations to the following financial risks:

- credit risk;
- commission rate risk;
- currency risk; and
- liquidity risk.

As with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This disclosure describes the Group's objectives, policies, and operations; to manage those risks and the methods used to measure them. Further quantitative information regarding these risks is presented throughout these consolidated financial statements. There were no material changes in the Group's exposure to financial management risks, and its objectives, policies, and operations; to manage those risks, or the methods used to measure them from previous periods.

The main financial instruments used by the Group and from which financial instrument risks arise are as follows:

- trade receivables;
- other debit balances;
- cash and cash equivalents;
- trade payables;
- lease liabilities; and
- accrued expenses and other credit balances.

Fair Value and its Hierarchy

The Group measures financial instruments at fair value at the date of preparation of the consolidated financial statements. Where such measurement is required by the applicable financial reporting framework, or the Group has an option and has elected to do so under permitted accounting policies or where the Group is required to disclose the fair value in these consolidated financial statements. Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, it will be in the most advantageous market for the asset or liability.

The Group must have access to the principal market or the most advantageous market. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or lability 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 highest and best use of the asset, or by selling it to another market participant that would use 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- **Level 1:** Quoted market prices (unadjusted) for identical assets or liabilities.
- **Level 2**: Valuation techniques that can be determined directly or indirectly from the lowest level input that is significant to the fair value measurement.
- **Level 3:** Valuation techniques that cannot be observed at the lowest level input that is significant to the fair value measurement.

For assets and liabilities that are recognised 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 reassessing categorisation (based on the lowest level input that is significant to the fair value measured as a whole) at the end of each reporting period. The Group determines policies and procedures for both recurring and non-recurring fair value measurement. External valuers are involved in the valuation of significant assets. The Group decides to participate in the external evaluators after discussing it with the Audit Committee of the Group. Selection criteria include market knowledge, reputation, independence, and whether professional standards are maintained. The group, after discussions with the external evaluators, decides which assessment methods and inputs to use for each case.

At each reporting date, the Group analyses movements in the values of assets and liabilities that are required to be re-measured or re-evaluated in accordance with the Group's accounting policies. For this analysis, the Group verifies the main inputs applied in the final valuation by agreeing information in the valuation calculation for contracts and other relevant documents. The Group also compares the change in the fair value of 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.

Financial Instruments by Category

Financial Assets/Liabilities at Amortised Cost:

The following table shows the financial assets at amortised cost of the Group as of 31 December 2020G, 2021G and 2022G:

Table 6.13: Financial Assets at Amortised Cost of the Group as of 31 December 2020G, 2021G and 2022G

SAR '000	As of 31 December		
	2020G Audited	2021G Audited	2022G Audited
Financial Assets			
Cash and cash equivalents	55,439	107,684	116,160
Time Murabaha deposits – current portion	185,000	90,000	130,000
Trade receivables	244,210	230,042	228,602
Prepayments and other debit balances	246,922	266,139	234,453
Total Financial Assets	**731,571**	**693,865**	**709,215**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G.

The following table shows the financial liabilities at amortised cost of the Group as of 31 December 2020G, 2021G and 2022G:

Table 6.14: Financial Liabilities at Amortised Cost of the Group as of 31 December 2020G, 2021G and 2022G

SAR '000	As of 31 December		
	2020G Audited	2021G Audited	2022G Audited
Financial Liabilities			
Current			
Retained deposits – Current portion	45,557	49,248	53,111
Trade payables	27,509	8,060	10,831
Accrued expenses and other credit balances	183,251	166,988	162,207
Lease liabilities	11,827	12,892	8,714
Non-current			
Retained deposits – non-current portion	64,409	60,151	55,157
Lease liabilities	16,717	23,690	17,848
Total Financial Liabilities	**349,270**	**321,029**	**307,868**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G.

Financial instruments carried at fair value in these consolidated financial statements as of 31 December 2022G amounted to SAR0.5m (SAR 2.6m as of 31 December 2021G).

The Board of Directors has overall responsibility for defining the Group's risk management objectives and policies, and while it retains ultimate responsibility for them, it has delegated authority to design and operate processes that ensure effective implementation of the objectives and policies to the Group Managing Director. The Board of Directors receives monthly reports from the Managing Director of the Group, through which it reviews the effectiveness of the applied operations and the appropriateness of the objectives and policies it sets.

The overall objective of the Board of Directors is to establish policies that seek to limit risks to the maximum extent possible, without affecting the competitiveness and resilience of the Group. Below are more details about these policies:

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed mainly to credit risk from credit sales. It is the Group's policy, implemented locally, to assess the credit risk of new customers before entering into contracts. These credit ratings are taken into account by local business practices.

The Group has established a credit policy under which each new customer is analysed individually, for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The group audit includes external evaluations, when available, and in some cases a bank audit. Purchase limits are set for each client, which represents the maximum amount opened without the need for the approval of the Managing Director.

The Group determines concentrations of credit risk, by monitoring the credit rating of existing customers on a semi-annual basis, and through a monthly review of aging analysis of receivables. In monitoring customers' credit risk, customers are grouped according to their credit characteristics. Customers categorised as "high risk" are placed on the restricted customer list, and future credit sales are only made with advance payment.

Credit risk also arises from cash with banks and financial institutions.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date.

The following table shows the Group's carrying amount of the financial assets of the Group as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.15: Carrying Amount of the Financial Assets of the Group as of 31 December 2020G, 2021G and 2022G

SAR '000	As of 31 December		
	2020G Audited	2021G Audited	2022G Audited
Cash and cash equivalents	54,678	106,522	115,335
Time Murabaha deposits – current portion	185,000	90,000	130,000
Trade receivables	244,210	230,042	228,602
Prepayments and other debit balances	4,912	4,864	6,681
Investment at fair value through profit or loss	2,421	2,565	517
Total Financial Assets	**491,221**	**433,993**	**481,135**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G.

The carrying amount of financial assets represents the maximum credit risk. Credit risk on receivables and bank balances is limited as follows:

- cash balances are held with banks with good credit rating;
- trade receivables are shown net of allowance for impairment.

Commission Rate Risk

Commission rate risk represents the risk resulting from the fluctuation of the value of financial instruments due to changes in commission rates prevailing in the market. The Group manages commission rate risk by monitoring changes in commission rates on an ongoing basis.

Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises from recognised assets and liabilities that are denominated in currencies other than the Group's functional currency. The Group does not believe that it is exposed to significant currency risk as the majority of the Group's transactions and balances are denominated in Saudi Arabian Riyals, UAE Dirhams, US Dollars or Euros. The currency of the Group's activity is pegged to the US dollar. The Group's transactions in currencies other than Saudi Riyal or US Dollars are not significant.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or any other financial asset. Prudent liquidity' risk management involves maintaining sufficient cash and marketable securities, and availability of funding, through an adequate amount of committed credit facilities.

The Group's liquidity management includes forecasting cash flows, considering the level of liquid assets needed to meet, monitoring liquidity ratios and maintaining debt financing plans.

The following table analyses the Group's financial liabilities by relevant maturity groups based on the remaining period as of 31 December 2020G, 2021G and 2022G. The amounts in the table are the contractual cash flows.

Table 6.16: Group's Financial Liabilities by Relevant Maturity Groups as of 31 December 2020G, 2021G and 2022G

SAR'000	As of 31 December 2020G			As of 31 December 2021G			As of 31 December 2022G		
	Less Than One Year	More Than One Year and Less Than Five Years	Total	Less Than One Year	More Than One Year and Less Than Five Years	Total	Less Than One Year	More Than One Year and Less Than Five Years	Total
Retained deposits	45,557	64,409	109,966	49,248	60,151	109,399	53,111	55,157	108,267
Lease liabilities	11,827	16,717	28,544	12,892	23,690	36,582	8,714	17,848	26,561
Trade payables	27,509	-	27,509	8,060	-	8,060	10,831	-	10,831
Accrued expenses and other credit balance	183,251	-	183,251	166,988	-	166,988	162,207	-	162,207
Total	**268,144**	**81,126**	**349,270**	**237,189**	**83,841**	**321,030**	**234,862**	**73,004**	**307,866**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G.

Capital Management

The Board of Directors' policy is to maintain an adequate capital base in order to maintain the confidence of investors, creditors and the market and to continue the development of its future activity. The Board of Directors monitors the return on capital employed and the level of dividend payments to shareholders.

When managing capital, the Group aims to:

- ensure the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- provide an adequate return to the shareholders.

6.5 Summary of Significant Accounting Policies

The significant accounting policies applied by the Group to prepare these consolidated financial statements are as follows:

Current Versus Non-Current for Assets and Liabilities Classification

The Group presents assets and liabilities in the 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;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period;
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current assets.

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 expected be settled within 12 months after the reporting period; or
- 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 liabilities.

Fair Value Measurement

The Group measures financial instruments, such as financial derivatives, at fair value at each statement of financial position date.

Fair value is the price that would be received upon selling or repaying an asset when settling the liabilities between two parties in an orderly transaction, which is being processed based on commercial basis at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for those assets or liabilities; or
- in the absence of a principal market, in the most advantageous market for the assets or liabilities.

The principal or the most advantageous market must be accessible by the Group.

The fair value of the assets or liabilities is measured using the assumptions that market participants would use when pricing the assets or liabilities, assuming that market participants act in their economic best interests.

A fair value measurement of a non-financial assets 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 participants that would utilise the asset in its highest and best use.

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

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

- **Level 1:** Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2:** 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 directly or indirectly unobservable.

For assets and liabilities that are recognised 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 reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Foreign Currencies

Transactions and Balances

Transactions in foreign currencies are initially recorded at the spot rate ruling of the functional currency at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the spot rate of exchange ruling at the date of preparing the consolidated financial statements. Differences arising on settlement or transactions of monetary items are recognised in profit or loss.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control over an identified asset or assets for a period of time in exchange for consideration.

Company as a Lessee

Right-of-Use Assets

Leases are recognised as right-of-use assets along with their corresponding liabilities at the date of which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost.

The finance cost is recognised in the consolidated statement of profit or loss over the lease term. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs, if applicable.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease terms reflect the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. The lease payments are discounted using the interest rate implicated to the lease or the Group's incremental borrowing rate.

Short-Term Leases and Leases of Low-Value Assets

Short-term leases are leases with a lease term of 12 months or less. Low value assets are items that do not meet the Group's capitalisation threshold and are considered to be insignificant for the statement of financial position for the Group as a whole. Payments for short-term leases and leases of low value assets are recognised on a straight-line basis in the consolidated statement of profit or loss.

Variable Lease Payments

Some leases contain variable payments that are linked to the usage/performance of the leased asset. Such payments are recognised in the consolidated statement of profit or loss.

The Group as a Lessor

Leases under which the Group does not transfer substantially all the risks and rewards of ownership are classified as operating leases. The initial direct costs incurred in negotiating and arranging the operating lease contract are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the rental income. Possible rents are recognised when earned.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The initial cost includes the purchase price and any directly attributable cost of bringing the property and equipment to the operating site and ready for use.

Expenses incurred after the operation of property and equipment, such as repairs, maintenance and full refurbishment, are included in the statement of profit or loss and other comprehensive income in the period in which they are incurred. Where it is clearly shown that the expense has resulted in an increase in the future economic benefits expected to be obtained from the use of an asset and equipment to a higher extent than the originally defined benchmark, these expenses are capitalised as an additional cost to the property and equipment.

If significant and important parts of an item of property and equipment have different useful lives, they are accounted for as separate items (key components) of property and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the items of property and equipment. The estimated useful live for the key components of the assets is as follows:

Category	Estimated Useful Life (Years)
Buildings	30 years
Central air conditioning equipment	10 years
Leasehold improvements	20 years, or the lease term, whichever is shorter
Furniture and fixtures	5-7 years
Computer software and devices	5 years, or the licence period, whichever is shorter
Electrical equipment and signboards	5-7 years
Vehicles	4-5 years

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss when the asset is derecognised.

The residual value, useful lives and methods of depreciation of property and equipment are reviewed at the end of each reporting period and amendments are processed on a prospective basis, if required.

Project Under Progress

Projects under Progress are stated at cost and an allowance is made for any impairment in value, if any. Projects under progress are classified as property and equipment upon completion of these projects.

Impairment of Non-Financial Assets

The Group assesses at each reporting date 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. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGUs exceeds its recoverable amount, the asset is considered impaired 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, when available, or an appropriate valuation model is used. These values are corroborated by valuation multiples and the prices of the listed assets of the Subsidiaries offered for trading or through any other indications for the fair value.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These detailed budgets and forecast calculations are generally covering a period of five years. For the purpose of long period coverage, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in those expense categories consistent with the function of the impaired asset.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Such reversal is recognised in the statement of profit or loss.

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI). or fair value through profit or loss.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets not at fair value through profit or loss.

Subsequent Measurement

The measurement of financial assets depends on their classification, as described below:

Financial Assets at Amortised Cost

Financial assets at amortised value are measured using the effective interest rate (EIR) and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes short-term investments and trade receivables.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

De-Recognition Financial Assets

Financial assets are derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay cash flows in full without material delay to a third party under an agreement "**transfer**"; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flow's from an asset or has entered into transferring agreement, it evaluates if, and to what extent, it has retained the risks and rewards of asset. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay, whichever is less.

Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs allowance is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash and Cash Equivalents

Cash and cash equivalents include cash with banks, petty cash and other short-term highly liquid investments with original maturities of three-months or less from their purchase date.

Time Murabaha Deposit

Time Murabaha deposit represents Islamic Murabaha with local commercial banks that having a maturity of more than three months from the date of acquisition and expected to be sold within one year from the date of the reporting period.

Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policy of financial assets.

Inventory

Inventory is stated al the lower of cost and net realisable value and the cost is determined using weighted average method.

Letters of Guarantee

The amount paid to secure the letters of guarantee is recognised in non-current assets in the statement of financial position. The account of guaranteed letters shall be closed upon redemption of the insurance amount or when the letter of guarantee is used by the other party.

Available and Visas in Use

Purchased Visas represent payments made to Government authorities against issuance of visas for manpower and are recorded at cost.

Visas in Use

Visas used in the recruitment and transferred from purchased visas are classifies as visas in use, and are amortised in the statement of profit or loss on a straight-line basis over a period of two years or the duration of the contract whichever is shorter. The amount of the visas used is amortised in the income statement in case of termination of the contract or the existence of an impediment to the continuation of the service. The visas in use are classified as current and non-current assets.

Available Visas

The available visas represent the unused balance of visas purchased as of the date of the consolidated financial statements. The available visa amounts are transferred to the visas in use upon visa stamping for recruited manpower at arrival at their respected embassies in the Kingdom of Saudi Arabia. Available visas are classified as current assets.

Residential and Work Permits Fees

Residential fees and work permits are amortised in the consolidated statement of profit or loss and other comprehensive income over one year in line with the validity of such permits, except of the residence fees and work permits for employment (new arrival), which are amortised over 15 months from the date of arrival.

Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Retained Deposits

Retained deposits represent amounts collected in advance from customers and recruitment agencies as security deposit of employment contracts. These amounts are refunded at the end of the contract after deducting the due amounts to the Company or manpower from customers and recruitment agencies. Retained deposits are classified as current and non-current assets.

Employees' Defined Benefits Obligation

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses are recognised immediately in the statement of financial position and in the retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit or loss in subsequent periods.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as financial derivatives designated as hedging instruments in an effective hedge to cover the risks.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on these liabilities are recognised in the statement of profit or loss.

Derecognition of Financial Liabilities

Financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Revenue Recognition

Revenue is mainly generated by providing the manpower services to the customers. The Group recognise the revenue based on the following sequence:

- identify the contract with a customer;
- identity the performance obligations in the contract;
- determine the contract price;
- allocate the contract price to the performance obligations;
- revenue recognised when performance obligations are satisfied.

Revenue is recognised when the performance obligation is satisfied and when the service is rendered to the customer. Performance obligation is the promise of service delivery to the customer. In the meeting of performance obligations, revenue is recorded at the fair value of the service provided and any amounts collected on behalf of any external parties and any price discounts are excluded from the service price.

If the customer service bill includes certain different services, the invoice price is distributed proportionately, and the revenue of the services is realised when the performance obligations are fulfilled, and the service is provided to the customer. The Group provides its services to customers directly and is not considered as an agent for any third parties.

Unearned Revenues

Unearned revenues (Deferred) represent amounts collected in advance from customers when signing the contracts for rendering manpower services. These amounts are recognised within revenues in the statement of profit or loss when realised.

Expenses

All operating expenses are consistently allocated to the cost of revenue, selling and marketing expenses and general and administrative expenses using fixed distribution factors to be determined in proportion to the Group's activities.

Zakat

The Group is subject to zakat in accordance with the Regulations of ZATCA, and the provision for zakat is charged as an expense to statement of profit or loss other comprehensive income at the date of the financial statement. Any differences in Zakat expense will be settled in the financial year in which the final assessment is being approved, and any differences between Zakat and the final assessment are recognised in the statement of profit or loss.

Contingent Events

Contingent liabilities are recognised in the consolidated financial statements only when the use of economic resources to settle an existing or expected legal obligation as a result of past events is probable and the amount expected to be repaid can be estimated substantially. Otherwise, contingent liabilities are disclosed unless the possibility of an economic loss is remote.

Contingent assets are not recognised in the consolidated financial statements but are disclosed when economic benefits arising from past events are probable.

Dividends

When the dividends are declared by the Board of Directors, are being recorded in the profit payable account and deducted from the retained earnings account.

6.6 Adoption of New and Revised IFRSs

6.6.1 The New and Revised IFRSs Have Been Adopted Which Have No Significant Impact on the Consolidated Financial Statements

The Company has applied the following new and revised International Financial Reporting Standards, which are mandatory effective for an accounting period beginning on or after 1 January 2022G. The application of these revised IFRSs has not had any material impact on the amounts reported in these consolidated financial statements.

- amendments to IFRS 3 Business combination to update a reference to the conceptual framework;
- amendments to IAS 16 Property, plant and equipment that prevent the Company from deducting from the cost of property, plant and equipment amounts received from the sale of items produced during the preparation of the parent company for its intended use;
- amendments to IAS 37 Provisions. Contingent Liabilities and Contingent Assets related to costs that must be included when assessing whether there are onerous contracts;
- annual improvements to IFRS 201 8-2020 Periodic amendments to IFRS 1 and 9 and 16 and IAS 41.

6.6.2 The New and Revised IFRSs in Issue But Not Yet Effective and Not Early Adopted

The Company has not applied the following new and revised IFRSs in issue but not yet effective and not early adopted:

Effective for annual periods beginning on or after	New and revised IFRSs
Effective date deferred indefinitely	Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.
1 January 2024G	Amendments to IFRS 16 Leases— Treatment of sale and leaseback transactions
1 January 2023G	IFRS 17 Insurance Contracts establishes the principles of recognition, measurement, presentation, and disclosure of insurance contracts and replaces IFRS4 Insurance Contracts.
1 January 2023G	Disclosure of accounting policies (amendments to IAS 1 and Statement of Practice2)

Effective for annual periods beginning on or after	New and revised IFRSs
1 January 2023G	Amendments to IAS 8 Accounting Policies Changes in Accounting Estimates and Errors — Definition of Accounting Estimates
1 January 2023G	Amendments to IAS 12 Income Taxes— Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

Management anticipates that the application of these standards and amendments will take a place upon preparing the consolidated financial statements in the above specified dates and may have no significant impact of the Group's consolidated financial statements.

6.7 Results of Operations for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

6.7.1 Summary of the Group's Financial Information and Key Performance Indicators for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

The following table shows the summary of the Group's financial information and key performance indicators for the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month periods ended 30 September 2022G and 30 September 2023G:

Table 6.17: Summary of the Group's Financial Information and Key Performance Indicators for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

SAR '000	Financial Years Ended 31 December			Nine-Month Periods Ended 30 September	
	2020G Audited	2021G Audited	2022G Audited	2022G Reviewed	2023G Reviewed
Statement of comprehensive income					
Revenues	1,817,395	1,715,761	1,839,889	1,362,592	1,366,828
Cost of revenues	(1,564,300)	(1,449,700)	(1,602,212)	(1,187,165)	(1,191,767)
Gross profit	**253,095**	**266,061**	**237,677**	**175,427**	**175,061**
General and administrative expenses	(53,796)	(61,330)	(44,851)	(35,483)	(36,895)
Marketing expenses	(46,969)	(48,432)	(33,309)	(20,163)	(15,271)
Expected credit loss on trade receivables	-	(4,000)	985	(115)	(2,808)
Operating profits	**152,330**	**152,298**	**160,503**	**119,665**	**120,087**
Finance cost on employees' defined benefits obligation and leases	(2,482)	(2,386)	(2,326)	(850)	(1,171)
Other income, net	533	8,426	13,011	7,036	13,968
Profit before Zakat	**150,381**	**158,339**	**171,188**	**125,852**	**132,884**
Zakat	(13,012)	(7,884)	(11,709)	(8,644)	(11,057)
Profit for the year from continuous operations	**137,368**	**150,455**	**159,478**	**117,208**	**121,827**
Profit/(loss) for the year from discontinued operations	669	-	(9,229)	(7,337)	-
Profit for the year	**138,037**	**150,455**	**150,249**	**109,871**	**121,827**
Remeasurement on employees' defined benefit obligations	(1,217)	63	902	-	-
Other comprehensive income from discontinuous operations	44	-	-	-	-

SAR '000	Financial Years Ended 31 December			Nine-Month Periods Ended 30 September	
	2020G Audited	2021G Audited	2022G Audited	2022G Reviewed	2023G Reviewed
Total comprehensive income for the year/period	**136,864**	**150,518**	**151,151**	**109,871**	**121,827**
Statement of financial position					
Total current assets	769,500	766,086	783,241		870,087
Total non-current assets	354,049	225,685	225,995		226,173
Total assets	1,123,549	991,771	1,009,236		1,096,259
Total current liabilities	371,712	346,339	322,635		323,805
Total non-current liabilities	153,857	159,646	158,321		172,347
Total liabilities	525,569	505,985	480,956		496,153
Total equity	597,980	485,786	528,280		600,107
Total liabilities and equity	1,123,549	991,771	1,009,236		1,096,259
Cash flow statement summary					
Net cash flows generated from / (used in) operating activities	294,005	122,469	195,192	96,830	149,984
Net cash flows generated from / (used in) investing activities	(190,262)	94,017	(63,325)	(2,408)	(161,470)
Net cash flows from / (used in) financing activities	(89,666)	(164,240)	(123,390)	(69,281)	(60,557)
Net change in cash and cash equivalents	14,078	52,245	8,476	25,141	(72,043)
Cash and cash equivalents at the beginning of the year/period	41,361	55,439	107,684	103,221	116,160
Cash and cash equivalents at the end of the year/period	55,439	107,684	116,160	128,363	44,117
KPIs					
Gross profit margin for the year/period	13.9%	15.5%	12.9%	12.9%	12.8%
Net profit margin for the year/period	7.6%	8.8%	8.2%	8.1%	8.9%
Return on assets	12.3%	15.2%	14.9%		14.8%
Return on equity	23.1%	31.0%	28.4%		27.1%

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

6.7.2 Consolidated Statement of Comprehensive Income of the Group for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

The following table shows the consolidated statement of comprehensive income of the Group for the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month periods ended 30 September 2022G and 30 September 2023G:

Table 6.18: Consolidated Statement of Comprehensive Income of the Group for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

SAR '000	Financial Years Ended 31 December			Variance		CAGR	Nine-Month Periods Ended 30 September		Variance for the Period 30 September
	2020G Audited	2021G Audited	2022G Audited	2020G-2021G	2021G-2022G	2020G-2022G	2022G Re-viewed	2023G Re-viewed	2022G –2023G
Revenues	1,817,395	1,715,761	1,839,889	(5.6%)	7.2%	0.6%	1,362,592	1,366,828	0.3%
Cost of revenues	(1,564,300)	(1,449,700)	(1,602,212)	(7.3%)	10.5%	1.2%	(1,187,165)	(1,191,767)	0.4%
Gross profit	**253,095**	**266,061**	**237,677**	**5.1%**	**(10.7%)**	**(3.1%)**	**175,427**	**175,061**	**(0.2%)**
General and administrative expenses	(53,796)	(61,330)	(44,851)	14.0%	(26.9%)	(8.7%)	(35,483)	(36,895)	4.0%
Marketing expenses	(46,969)	(48,432)	(33,309)	3.1%	(31.2%)	(15.8%)	(20,163)	(15,271)	(24.3%)
Expected credit loss on trade receivables	-	(4,000)	985	-	(124.6%)	-	(115)	(2,808)	(2,341.7%)
Operating profits	**152,330**	**152,298**	**160,503**	**(0.0%)**	**5.4%**	**2.6%**	**119,665**	**120,087**	**0.4%**
Finance cost on employees' defined benefits obligation and leases	(2,482)	(2,386)	(2,326)	(3.9%)	(2.5%)	(3.2%)	(850)	(1,171)	37.8%
Other income, net	533	8,426	13,011	1,481.7%	54.4%	394.2%	7,036	13,968	98.5%
Profit before Zakat	**150,381**	**158,339**	**171,188**	**5.3%**	**8.1%**	**6.7%**	**125,852**	**132,884**	**5.6%**
Zakat	(13,012)	(7,884)	(11,709)	(39.4%)	48.5%	(5.1%)	(8,644)	(11,057)	27.9%
Profit for the year from continuous operations	**137,368**	**150,455**	**159,478**	**9.5%**	**6.0%**	**7.7%**	**117,208**	**121,827**	**3.9%**
Profit/(loss) for the year from discontinued operations	669	-	(9,229)	(100.0%)	-	-	(7,337)	-	(100.0%)
Profit for the year	**138,037**	**150,455**	**150,249**	**9.0%**	**(0.1%)**	**4.3%**	**109,871**	**121,827**	**10.9%**
Other comprehensive income									
Items that will not be reclassified subsequently to profit or loss:									
Remeasurement on employees' define benefit obligations	(1,217)	63	902	(105.2%)	1,322.4%	-	-	-	-
Other comprehensive income from discontinued operation	44	-	-	(100.0%)	-	(100.0%)	-	-	-
Total comprehensive income for the year	**136,864**	**150,518**	**151,151**	**10.0%**	**0.4%**	**5.1%**	**109,871**	**121,827**	**10.9%**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

The following table shows the key performance indicators of the Group for the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month periods ended 30 September 2022G and 30 September 2023G:

Table 6.19: Key Performance Indicators of the Group for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

As a % of revenue	Financial Years Ended 31 December			Annual Change		Change	Nine-Month Periods Ended 30 September		Variance for the Period 30 September
	2020G Management Information	2021G Management Information	2022G Management Information	2020G-2021G	2021G-2022G	2020G-2022G	2022G Reviewed	2023G Reviewed	2022G –2023G
Gross profit - margin	13.9%	15.5%	12.9%	1.6	(2.6)	(1.0)	12.9%	12.8%	(0.1)
General and administrative expenses as a % of revenue	3.0%	3.6%	2.4%	0.6	(1.2)	(0.6)	2.6%	2.7%	0.1
Marketing expenses as a % of revenue	2.6%	2.8%	1.8%	0.2	(1.0)	(0.8)	1.5%	1.1%	(0.4)
Profit for the year - margin	7.6%	8.8%	8.2%	1.2	(0.6)	0.6	8.1%	8.9%	0.8
Current ratio	207.0%	221.2%	242.8%	14.2	21.6	35.7		268.7%	
Return on assets	12.3%	15.2%	14.9%	2.9	(0.3)	2.6		14.8%	
Return on equity	23.1%	31.0%	28.4%	7.9	(2.5)	5.4		27.1%	
Total liabilities to total assets ratio	46.8%	51.0%	47.7%	0.0	(0.0)	0.0		45.3%	
Total liabilities to equity ratio	87.9%	104.2%	91.0%	0.2	(0.1)	0.0		82.7%	
Total assets to equity ratio	187.9%	204.2%	191.0%	0.2	(0.1)	0.0		182.7%	
Manpower deployed - Business	24,992	21,659	22,816	(3,333)	1,157	(2,176)	22,932	20,867	(2,065)
Manpower deployed - Raha Mouqeemah	10,741	8,532	10,065	(2,209)	1,533	(676)	9,498	10,657	1,159
Manpower deployed - Raha Hourly	5,134	4,039	4,399	(1,094)	360	(735)	4,416	3,792	(624)
Manpower deployed - Total	40,866	34,230	37,280	(6,637)	3,050	(3,587)	36,846	35,315	(1,531)
Raha Hourly visits	1,712,707	2,093,302	2,294,865	380,595	201,563	582,158	1,661,943	1,444,231	(217,712)
Average revenue per manpower deployed (in SAR) - Business	53,430	55,333	56,791	3.6%	2.6%	3.1%	42,017	44,557	6.0%
Average revenue per manpower deployed (in SAR) -Raha Mouqeemah	28,534	31,333	29,759	9.8%	(5.0%)	2.1%	21,962	24,544	11.8%
Average revenue per manpower deployed (in SAR) - Raha Hourly	34,086	59,570	53,479	74.8%	(10.2%)	25.3%	40,103	42,997	7.2%

As a % of revenue	Financial Years Ended 31 December			Annual Change		Change	Nine-Month Periods Ended 30 September		Variance for the Period 30 September
	2020G Management Information	2021G Management Information	2022G Management Information	2020G-2021G	2021G-2022G	2020G-2022G	2022G Reviewed	2023G Reviewed	2022G –2023G
Average revenue per manpower deployed (in SAR) - Total	44,471	50,124	49,353	12.7%	(1.5%)	5.3%	36,998	38,704	4.6%
Gross profit/(loss) margin - Business	14.7%	10.5%	12.0%	(4.2)	1.6	(2.7)	11.2%	10.5%	(0.7)
Gross profit/(loss) margin - Raha Mouqeemah	21.6%	28.5%	13.2%	7.0	(15.3)	(8.4)	15.0%	16.7%	1.7
Gross profit/(loss) margin - Raha Hourly	(5.6%)	24.6%	17.6%	30.2	(7.1)	23.1	16.7%	23.3%	6.7
Gross profit/(loss) margin - Total	**13.9%**	**15.5%**	**12.9%**	**1.6**	**(2.6)**	**(1.0)**	**12.9%**	**12.8%**	**(0.1)**

Source: Management information.

6.7.2.1 Revenues

During the Historical Period, 99.5 per cent. of the Group's revenues were generated from the Company standalone, which comprised three different service segments: Business, Raha Mouqeemah and Raha Hourly. The remaining revenue was mainly generated from Saudi Logistics Services Company.

The Corporate Segment generates revenue from the deployment of manpower to corporate clients. These primarily comprises of seven main sectors and others: petrochemical, construction, retail, industrial, healthcare, hospitality, and facility management. Contracts signed with corporate clients are either one- or two-year term contracts, with billing occurring on a monthly basis with a credit period for settlement within 5 to 90 days. Revenue generated varies depending on the profession and specialisation of the employee and nationality which impacts the salary, whereby an additional fixed fee is added which represents the costs and margins of the Company.

Raha Mouqeemah Segment revenues represent services provided to individuals and mainly related to housemaid, driver, and personal assistant workers. The term of the contracts signed were either monthly, quarterly, semi-annual, annual, or 24 months. Billing occurs at the start of every month and can either be settled in advance or in instalments. Revenue's generated vary depending on the experience and nationality of the worker.

Raha Hourly revenue represented revenue generated from individual customers and related to domestic workers and cleaners on a visit basis, with each visit consisting of a minimum of four hours and a maximum time of eight hours (i.e. two visits per day over a six-day working week). Settlement of invoices is made in advance and varies depending on the length of each visit and the nationality of the housemaid.

Revenue decreased by 5.6 per cent. from SAR 1,817.4 million in the financial year ended 31 December 2020G to SAR 1,715.8 million in the financial year ended 31 December 2021G, mainly due to:

- the decrease in total average manpower deployed from 40,866 workers in the financial year ended 31 December 2020G to 34,230 workers in the financial year ended 31 December 2021G, primarily as a result of the slow recruitment of additional expatriate workers during the year due to the COVID-19 inbound travel restrictions. This mainly impacted the average number of manpower deployed in the Corporate Segment which decreased from 24,992 workers in the financial year ended 31 December 2020G to 21,659 workers in the financial year ended 31 December 2021G, coupled with the decrease in average number of manpower deployed in the Raha Mouqeemah Segment from 10,741 workers in the financial year ended 31 December 2020G to 8,532 workers in the financial year ended 31 December 2021G;
- this was partially offset by the increase in revenue of Raha Hourly by SAR 65.6 million as a result of the increase in number of visits from 1,712,707 visits in the financial year ended 31 December 2020G to 2,093,302 visits in the financial year ended 31 December 2021G following the lifting of the COVID-19 restrictions by the Government, as visits were prohibited for three months during the financial year ended 31 December 2020G. This was coupled with the increase its average price per visit from SAR 102 to SAR 115 following increased market demand post the COVID-19 pandemic.

Revenue increased by 7.2 per cent. from SAR 1,715.8 million in the financial year ended 31 December 2021G to SAR 1,839.9 million in the financial year ended 31 December 2022G, mainly due to:

- an increase in the average number of manpower deployed in the Corporate Segment from 21,659 workers in the financial year ended 31 December 2021G to 22,816 workers in the financial year ended 31 December 2022G due to demand from construction, healthcare, facility management, and the increase in manpower deployed in the Raha Mouqeemah Segment from 8,532 workers in the financial year ended 31 December 2021G to 10,065 workers in the financial year ended 31 December 2022G;
- the increase in deployment in the Raha Mouqeemah Segment was demand driven as households increased their requirements for domestic services after the relaxation of the COVID-19 restrictions. The Company was able to meet this rise in demand during the year as it had recruited a significant level of expatriate workers in the prior year.

Revenue increased by 0.3 per cent. from SAR 1,362.6 million in the nine-month period ended 30 September 2022G to SAR 1,366.8 million in the nine-month period ended 30 September 2023G, primarily driven by the increase in revenue of Raha Mouqeemah Segment by SAR 53.0 million.

This was partly offset by the decrease in total average manpower deployed from 36,846 workers in the nine-month period ended 30 September 2022G to 35,315 workers in the nine-month period ended 30 September 2023G as a result of the expiry of contracts and the exit of employees from the Company's sponsorship to the client's sponsorship at the end of their contractual terms with the Company which is also attributed to direct hiring by clients post the COVID-19 pandemic. This mainly impacted the average number of manpower deployed in the Corporate Segment which resulted in the decrease in revenue of the Corporate Segment by SAR 33.1 million especially in the retail, healthcare, hospitality, facility management.

6.7.2.2 Cost of Revenues

Cost of revenue primarily comprise of salaries and wages, iqama and labour licence fees, and recruitment fees.

Cost of revenue decreased by (7.3 per cent.) from SAR 1,564.3 million in the financial year ended 31 December 2020G to SAR 1,449.7 million in the financial year ended 31 December 2021G, mainly due to the decrease in salary and wages by SAR 65.7 million coupled with the decrease in recruitment fees by SAR 18.2 million, and the decrease in visa expenses by SAR 12.8 million, primarily due to the decrease in average available manpower from 45,687 in the financial year ended 31 December 2020G to 37,995 in the financial year ended 31 December 2021G.

Cost of revenue increased by 10.5 per cent. from SAR 1,449.7 million in the financial year ended 31 December 2021G to SAR 1,602.2 million in the financial year ended 31 December 2022G, mainly driven by the increase in salary and wages by SAR 75.5 million, increase in recruitment fees by SAR 29.9 million, and an increase in iqama and labour licence fees by SAR 12.4 million, mainly due to the increase in available manpower from an average of 37,995 in the financial year ended 31 December 2021G to 41,032 in the financial year ended 31 December 2022G.

Cost of revenue increased by 0.4 per cent. from SAR 1,187.2 million in the nine-month period ended 30 September 2022G to SAR 1,191.8 million in the nine-month period ended 30 September 2023G, primarily due to the increase in recruitment fees by SAR 25.7 million. This was partly offset by the decrease in iqama and labour licence fees, and salaries and wages by SAR 14.5 million and SAR 4.4 million, respectively.

6.7.2.3 Gross Profit

Gross profit increased by 5.1 per cent. from SAR 253.1 million in the financial year ended 31 December 2020G to SAR 266.1 million in the financial year ended 31 December 2021G and gross profit margin increased by 1.6 ppts over the same period, due to the improvement in Raha Hourly's profitability driven by the increase in revenue during the year.

Given that a proportion of the Company's direct cost structure includes costs that are fixed in nature, the increase in revenue driven by a number of visits by 380,595 visits in the financial year ended 31 December 2021G had the positive impact of improving profitability for the year.

In addition, the increase in margins were also due to the increase the price per visit from SAR 102 in the financial year ended 31 December 2020G to SAR 115 in the financial year ended 31 December 2021G following increased market demand post the COVID-19 pandemic.

Gross profit decreased by 10.7 per cent. from SAR 266.1 million in the financial year ended 31 December 2021G to SAR 237.7 million in the financial year ended 31 December 2022G and gross profit margin increased by 2.6 ppts over the same period, primarily due to the increase in recruitment and visa fees of Raha Mouqeemah and Raha Hourly driven by the increased recruitment efforts to meet the rise in demand and to also offset the annual worker churn in the previous year.

This churn was comparatively higher in the financial year ended 31 December 2022G as compared to prior years, which resulted in a greater impact on the cost of revenue during 2022G, as the remaining recruitment and visa costs of the workers, who were considered as early terminations, were fully amortised.

Gross profit remained relatively stable at SAR 175.4 million in the nine-month period ended 30 September 2022G and SAR 175.1 million in the nine-month period ended 30 September 2023G, and gross profit margin remained relatively stable at 12.9 per cent. and 12.8 per cent. over the same period.

6.7.2.4 General and Administrative Expenses

General and administrative expenses primarily comprised salaries and wages, cleaning and maintenance, depreciation, and licences and subscriptions, which contributed to 59.3 per cent., 7.3 per cent., 6.6 per cent., and 5.1 per cent., respectively, of total general and administrative expenses in the financial year ended 31 December 2022G.

General and administrative expenses increased by 14.0 per cent. from SAR 53.8 million in the financial year ended 31 December 2020G to SAR 61.3 million in the financial year ended 31 December 2021G, mainly due to an increase in IT services charges by SAR 2.8 million related to Romoz after it was carved out to the Holding Company, professional fees and consultations by SAR 1.7 million mainly related to one-off strategy and HR consulting services, and licences and subscriptions by SAR 1.6 million mainly related to the licence fee of the ERP system (Dynamics 365 ERP) which was implemented during the year.

General and administrative expenses decreased by 26.9 per cent. from SAR 61.3 million in the financial year ended 31 December 2021G to SAR 44.9 million in the financial year ended 31 December 2022G, mainly due to a decrease in salaries and wages by SAR 7.2 million mainly due to a lower average salary, professional fees consultations by SAR 3.9 million, IT services charges by SAR 2.8 million, and licences and subscriptions by SAR 1.6 million.

General and administrative expenses increased by 4.0 per cent. from SAR 35.5 million in the nine-month period ended 30 September 2022G to SAR 36.9 million in the nine-month period ended 30 September 2023G, mainly due to the increase in other general and administrative expenses by SAR 3.4 million which was partly offset by the decrease in salaries and wages by SAR 1.2 million.

6.7.2.5 Marketing Expenses

Marketing expenses mainly comprised advertisement, salaries and wages, bank charges and loyalty points which contributed to 37.3 per cent., 19.8 per cent., 16.8 per cent. and 13.6 per cent. respectively, of total marketing expenses in the financial year ended 31 December 2022G.

Marketing expenses increased by 3.1 per cent. from SAR 47.0 million in the financial year ended 31 December 2020G to SAR 48.4 million in the financial year ended 31 December 2021G, primarily due to the increase in bank charges by SAR 2.5 million, incentives and commissions by SAR 1.9 million, and the increase in loyalty points by SAR 2.0 million.

Marketing expenses decreased by 31.2 per cent. from SAR 48.4 million in the financial year ended 31 December 2021G to SAR 33.3 million in the financial year ended 31 December 2022G, mainly due to the decrease in customer experience expenses by SAR 11.2 million as Terhab was returned under the ownership of the Company, the decrease in incentives and commissions by SAR 2.8 million, and the decrease in salaries and wages by SAR 1.4 million.

Marketing expenses decreased by 24.3 per cent. from SAR 20.2 million in the nine-month period ended 30 September 2022G to SAR 15.3 million in the nine-month period ended 30 September 2023G, mainly due to the decrease in marketing and advertising expenses by SAR 4.2 million.

6.7.2.6 Expected Credit Loss on Trade Receivables

Expected credit loss on trade receivables is calculated using a specific matrix to calculate the ECL provision for trade receivables which is a function of, the days since the maturity, and type of customers (as per IFRS).

Expected credit loss on trade receivables increased from nil in the financial year ended 31 December 2020G to SAR 4.0 million in the financial year ended 31 December 2021G, mainly due to an outstanding receivable balance a client in the Corporate Segment, which amounted to SAR 9.6 million as of 31 December 2021G and which had been outstanding for more than 90 days.

Expected credit losses decreased from SAR 4.0 million in the financial year ended 31 December 2021G to SAR 1.0 million in the financial year ended 31 December 2022G due to the collection of the full outstanding balance from a client in the Corporate Segment which resulted in a reversal for the year.

Expected credit loss on trade receivables increased from SAR (0.1) million in the nine-month period ended 30 September 2022G to SAR (2.8) million in the nine-month period ended 30 September 2023G, due to the increase in outstanding receivables balances from SAR 288.6 million as of 30 September 2022G to SAR 293.0m as of 30 September 2023G.

6.7.2.7 Finance Cost on Employees' Defined Benefits Obligation and Leases

Finance cost on employees' defined benefits obligation and leases represent the costs relating to employees' defined benefit obligations and lease liabilities for the rent of branches, head office and distribution centres.

Finance costs decreased by 3.9 per cent. from SAR 2.5 million in the financial year ended 31 December 2020G to SAR 2.4 million in the financial year ended 31 December 2021G, mainly due to the decrease in interest cost of lease obligation by SAR 0.3 million, partly offset by the increase in interest cost of employees' defined benefits obligation by SAR 0.2 million due to the accumulated balance of existing employees.

Finance costs remained relatively stable between the financial year ended 31 December 2021G and the financial year ended 31 December 2022G, averaging SAR 2.3 million, due to the decrease in interests cost of employees defined benefits obligation by 0.09 million which was partly offset by the increase in interest cost of lease obligation by SAR 0.03 million.

Finance costs increased by 37.8 per cent. from SAR 0.9 million in the nine-month period ended 30 September 2022G to SAR 1.2 million in the nine-month period ended 30 September 2023G, driven by the increase in interest cost of lease obligation renewal of distribution centre contracts at higher rental rates.

6.7.2.8 Other Income, Net

Other income primarily comprised of gains on sale of property and equipment, income from Human Resources Development Fund and income from Islamic Murabaha.

Other income increased by 1,481.7 per cent. from 0.5 million in the financial year ended 31 December 2020G to SAR 8.4 million in the financial year ended 31 December 2021G, mainly due to the increase in gains on sale of property and equipment by SAR 8.2 million following the sale of fully depreciated buses in the financial year ended 31 December 2021G.

Other income increased further by 54.4 per cent. from SAR 8.4 million the financial year ended 31 December 2021G to SAR 13.0 million in the financial year ended 31 December 2022G, primarily due to an adjustment related to IFRS 16 contracts of SAR 1.9 million in the financial year ended 31 December 2022G. This was related to reversals of ROU depreciation recorded in the financial year ended 31 December 2020G as a result of the COVID-19 pandemic whereby ROU depreciation was retrospectively re-calculated in accordance with IFRS 16 during 2022G. This was coupled with the increase in income from Human Resources Development Fund by SAR 1.8 million which was mainly driven by hiring more Saudi nationals, coupled with claims received relating to prior periods.

Other income increased by 98.5 per cent. from SAR 7.0 million in the nine-month period ended 30 September 2022G to SAR 14.0 million in the nine-month period ended 30 September 2023G, mainly due to the increase in income from Murabaha term deposits by SAR 10.3 million mainly driven by (i) the increase in Murabaha investments from SAR 130.0 million at 31 December 2022G to SAR 285.0 million at 30 September 2023G in order to benefit from available cash at bank from operations until the decision to distribute dividends is made, noting that Murabaha term deposits as a percentage of total assets amounted to 17.4 per cent., 10.1 per cent., 13.9 per cent., and 26.9 per cent. as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G, respectively, and (ii) the increase in market interest deposit rates over the same period. This was partly offset by the decrease in gains on sale of property and equipment by SAR 3.8 million.

6.7.2.9 Zakat

Zakat expense decreased by (39.4 per cent.) from SAR 13.0 million in the financial year ended 31 December 2020G to SAR 7.9 million in the financial year ended 31 December 2021G due to accruing lower zakat expense during the financial year ended 31 December 2021G as the Company received the final assessments for the years from inception to 2018G and there were no review or assessments initiated by ZATCA for the years 2019G to 2022G.

Zakat expense increased by 48.5 per cent. from SAR 7.9 million in the financial year ended 31 December 2021G to 11.7 million in the financial year ended 31 December 2022G, primarily due to the increase in profits generated in the financial year ended 31 December 2022G, which following the zakat consultants review, resulted in accruing for more zakat in the financial year ended 31 December 2022G.

Zakat expense increased by 27.9 per cent. from SAR 8.6 million in the nine-month period ended 30 September 2022G to SAR 11.0 million in the nine-month period ended 30 September 2023G, mainly driven by the increase in profits over the same period.

6.7.2.10 Loss for the Year from Discontinued Operations

Loss for the year from discontinued operations relates to the net results of Subsidiaries which were transferred to the Holding Company, Al Holoul Al Mutakamela Holding Company.

Income from discontinued operations amounted to SAR 0.7 million in the financial year ended 31 December 2020G and comprises net losses of SAR (3.0) million from Saudi Marafiq Company, net profits of SAR 3.6 million from Saudi Medical Company, net profits of SAR 0.1 million from Terhab Company, and net losses of SAR (0.08) million from Romoz Company. These Subsidiaries were transferred to the Holding Company as of 1 January 2021G.

Loss from discontinued operations amounted to SAR (9.2) million in the financial year ended 31 December 2022G related to the net losses of Esnad for Building & Housing Cleaning Services Company SAR (6.0) million and Areeb Human Resources Company SAR (3.2) million which were transferred to the Holding Company in the fourth quarter of the financial year ended 31 December 2022G.

6.7.2.11 Profit for the Year

Profit for the year increased by 9.0 per cent., from SAR 138.0 million in the financial year ended 31 December 2020G to SAR 150.5 million in the financial year ended 31 December 2021G, and subsequently decreased by 0.1 per cent. to SAR 150.2 million in the financial year ended 31 December 2022G, mainly driven by fluctuations in gross profit during the same period.

Profit for the year increased by 10.9 per cent., from SAR 109.9 million in the nine-month period ended 30 September 2022G to SAR 121.8 million in the nine-month period ended 30 September 2023G mainly driven by the increase in profit before zakat during the same period and the absence of losses from discontinued operations in the nine-month period ended 30 September 2023G.

6.7.2.12 Remeasurement on Employees' Defined Benefit Obligations

Remeasurement on employees' defined benefit obligations resulted in losses of SAR 1.2 million in the financial year ended 31 December 2020G, gains of SAR 0.1 million in the financial year ended 31 December 2021G, and gains of SAR 1.0 million in the financial year ended 31 December 2022G. 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 2022G, a discount rate of 4.2 per cent. was applied, with a salary growth rate of 2.8 per cent..

6.7.2.13 Total Comprehensive Income for the Year

Total comprehensive income for the year increased by 10.0 per cent. from SAR 136.9 million in the financial year ended 31 December 2020G to SAR 150.5 million in the financial year ended 31 December 2021G, and subsequently by 0.4 per cent. to SAR 151.2 million in the financial year ended 31 December 2022G, mainly driven by an increase in gross profit during the same period.

Total comprehensive income for the year increased by 10.9 per cent., from SAR 109.9 million in the nine-month period ended 30 September 2022G to SAR 121.8 million in the nine-month period ended 30 September 2023G mainly driven by the increase in profit before zakat during the same period.

6.7.3 Revenue by Key segments in the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

The following table shows the revenue by key segments in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month periods ended 30 September 2022G and 30 September 2023G:

Table 6.20: Revenue By Business Subs in the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR	Nine-Month Periods Ended 30 September		Var. for the Period 30 September
	2020G Management Information	2021G Management Information	2022G Management Information	2020G-2021G	2021G-2022G	2020G-2022G	2022G Management Information	2023G Management Information	2022G –2023G
Business	1,335,314	1,198,464	1,295,745	(10.2%)	8.1%	(1.5%)	962,814	929,732	(3.4%)
Individual segment - Raha Mouqeemah	306,484	267,330	299,525	(12.8%)	12.0%	(1.1%)	208,597	261,565	25.4%
Individual segment - Raha Hourly	174,997	240,604	235,255	37.5%	(2.2%)	15.9%	177,093	163,046	(7.9%)
Others	600.0	9,363	9,363	1460.5%	0.0%	295.0%	14,088	12,484	(11.4%)
Total	**1,817,395**	**1,715,761**	**1,839,889**	**(5.6%)**	**7.2%**	**0.6%**	**1,362,592**	**1,366,828**	**0.3%**
As a % of total revenue									
Business	73.5%	69.9%	70.4%	(4.9%)	0.8%	(2.1%)	70.7%	68.0%	(2.6)
Individual segment - Raha Mouqeemah	16.9%	15.6%	16.3%	(7.6%)	4.5%	(1.7%)	15.3%	19.1%	3.8
Individual segment - Raha Hourly	9.6%	14.0%	12.8%	45.6%	(8.8%)	15.2%	13.0%	11.9%	(1.1)
Other segments	0.0%	0.5%	0.5%	1552.9%	(6.7%)	292.6%	1.0%	0.9%	(0.1)
Average number of manpower deployed									
Business	24,992	21,659	22,816	(13.3%)	5.3%	(4.5%)	22,932	20,867	(8.9%)
Individual segment - Raha Mouqeemah	10,741	8,532	10,065	(20.6%)	18.0%	(3.2%)	9,498	10,657	12.2%
Individual segment - Raha Hourly	5,134	4,039	4,399	(21.3%)	8.9%	(7.4%)	4,416	3,792	(14.1%)
Total	**40,866**	**34,230**	**37,280**	**(16.2%)**	**8.9%**	**(4.5%)**	**36,846**	**35,315**	**(4.1%)**
Average revenue per manpower deployed (in SAR)									
Business	53,430	55,333	56,791	3.6%	2.6%	3.1%	42,017	44,557	6.0%
Individual segment - Raha Mouqeemah	28,534	31,333	29,759	9.8%	(5.0%)	2.1%	21,962	24,544	11.8%
Individual segment - Raha Hourly	34,086	59,570	53,479	74.8%	(10.2%)	25.3%	40,103	42,997	7.2%
Total	**44,471**	**50,124**	**49,353**	**12.7%**	**(1.5%)**	**5.3%**	**36,998**	**38,704**	**4.6%**
Average number of available manpower									
Business	27,398	23,345	24,810	(4,054)	1,466	(2,588)	25,210	22,057	(3,152)
Raha Mouqeemah	11,874	9,487	11,151	(2,387)	1,664	(723)	10,652	11,006	354
Raha Hourly	6,415	5,163	5,071	(1,252)	(92)	(1,344)	5,116	4,518	(598)
Total	**45,687**	**37,995**	**41,032**	**(7,692)**	**3,037**	**(4,655)**	**40,978**	**37,581**	**(3,397)**

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR	Nine-Month Periods Ended 30 September		Var. for the Period 30 September
	2020G Management Information	2021G Management Information	2022G Management Information	2020G-2021G	2021G-2022G	2020G-2022G	2022G Management Information	2023G Management Information	2022G –2023G
Utilisation rate									
Business	94.1%	96.5%	93.6%	3.3	(2.9)	(0.5)	92.7%	96.7%	4.0
Raha Mouqeemah	89.5%	89.0%	80.9%	(0.5)	(8.1)	(8.6)	81.9%	90.7%	8.8
Raha Hourly	64.4%	85.5%	84.5%	21.1	(1.0)	20.1	84.6%	88.2%	3.6

Source: Management information.

6.7.3.1 Corporate

Corporate Segment revenue decreased by 10.2 per cent. from SAR 1,335.3 million in the financial year ended 31 December 2020G to SAR 1,198.5 million in the financial year ended 31 December 2021G, mainly due to a decrease in average number of manpower deployed from 24,992 workers in the financial year ended 31 December 2020G to 21,659 workers in the financial year ended 31 December 2021G. This slowdown was primarily due to the slow recruitment of additional expatriate workers during the year as a result of the COVID-19 restrictions applied by the Government.

Corporate Segment revenue increased by 8.1 per cent. from SAR 1,198.5 million in the financial year ended 31 December 2021G to SAR 1,295.7 million in the financial year ended 31 December 2022G, mainly due to an increase in average number of manpower deployed from 21,659 workers in the financial year ended 31 December 2021G to 22,816 workers in the financial year ended 31 December 2022G mainly due to an increase in onboarding of new workers in the financial year ended 31 December 2022G as a result of the lifting of COVID-19 travel restrictions as well as demand from customers in certain sectors as outlined below.

Corporate Segment revenue decreased by 3.4 per cent. from SAR 962.8 million in the nine-month period ended 30 September 2022G to SAR 928.7 million in the nine-month period ended 30 September 2023G, primarily driven by the decrease in average number of manpower deployed from 22,932 workers in the nine-month period ended 30 September 2022G to 20,867 workers in the nine-month period ended 30 September 2023G primarily due to the expiry of contracts and the exit of employees from the Company's sponsorship to the client's sponsorship at the end of their contractual terms with the Company which is also attributed to direct hiring by clients post the COVID-19 pandemic. Further details by sector are outlined in Section 6.7.4 *(Business Revenue by Sector in the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Nine-Month Periods Ended 30 September 2022G and 2023G)* below.

6.7.3.2 Raha Mouqeemah

Raha Mouqeemah Segment revenue decreased by 12.8 per cent. from SAR 306.5 million in the financial year ended 31 December 2020G to SAR 267.3 million in the financial year ended 31 December 2021G, mainly due to a decrease in average number of manpower deployed from 10,741 workers in the financial year ended 31 December 2020G to 8,532 workers in the financial year ended 31 December 2021G mainly due to slow recruitment of additional expatriate workers during the year as a result of the COVID-19 restrictions applied by the Government.

Raha Mouqeemah Segment revenue increased by 12.0 per cent. from SAR 267.7 million in the financial year ended 31 December 2021G to SAR 299.5 million in the financial year ended 31 December 2022G, mainly due to an increase in average number of manpower deployed from 8,532 workers in the financial year ended 31 December 2021G to 10,065 workers in the financial year ended 31 December 2022G mainly due to an increase in onboarding of new workers in the financial year ended 31 December 2022G as a result of the lifting of COVID-19 travel restrictions.

Raha Mouqeemah Segment revenue increased by 25.4 per cent. from SAR 208.6 million in the nine-month period ended 30 September 2022G to SAR 261.6 million in the nine-month period ended 30 September 2023G, primarily driven by the increase in average number of manpower deployed from 9,498 workers in the nine-month period ended 30 September 2022G to 10,657 workers in the nine-month period ended 30 September 2023G primarily driven by higher demand in the market.

6.7.3.3 Raha Hourly

Raha Hourly revenue represented revenue generated from individual customers and related to housemaid services on a visit basis, with each visit consisting of a minimum of four hours and a maximum time of eight hours. Settlement of invoices is made in advance and varies depending on the length of each visit and the nationality of the housemaid.

Raha Hourly Segment revenue increased by 37.5 per cent. from SAR 175.0 million in the financial year ended 31 December 2020G to SAR 240.6 million in the financial year ended 31 December 2021G, despite the decrease in average number of manpower deployed from 5,134 workers in the financial year ended 31 December 2020G to 4,039 workers in the financial year ended 31 December 2021G, mainly due to the increase in number of visits from 1,712,707 visits to 2,093,302 visits as a result of the lifting of COVID-19 restrictions.

Raha Hourly Segment revenue decreased by 2.2 per cent. from SAR 240.6 million in the financial year ended 31 December 2021G to SAR 235.3 million in the financial year ended 31 December 2022G, mainly due to the decrease in average hourly charge out rate by 10.8 per cent. as a result of the mix effect of outsourcing more workers with a cheaper hourly rate. This was partly offset by the increase in average number of manpower deployed from 4,039 workers in the financial year ended 31 December 2021G to 4,399 workers in the financial year ended 31 December 2022G, coupled with the increase in number of visits from 2,093,302 visits to 2,294,865 visits.

Raha Hourly Segment revenue decreased by 7.9 per cent. from SAR 177.1 million in the nine-month period ended 30 September 2022G to SAR 163.0 million in the nine-month period ended 30 September 2023G, primarily due to the decrease in average number of manpower deployed from 4,416 workers in the nine-month period ended 30 September 2022G to 3,792 workers in the nine-month period ended 30 September 2023G, coupled with the decrease in number of visits from 1,661,943 visits to 1,444,231 visits.

6.7.3.4 Other Segments

Other segments mainly related to revenues generated by services provided by Subsidiaries of the Company.

Other segments revenue increased by 1,460.5 per cent. from SAR 0.6 million in the financial year ended 31 December 2020G to SAR 9.4 million in the financial year ended 31 December 2021G, driven by revenues generated by Esnad for Building & Housing Cleaning Services Company and Saudi Logistic Services Company Limited.

Other segments revenue remained stable at SAR 9.4 million in the financial year ended 31 December 2021G and in the financial year ended 31 December 2022G.

Other segments revenue decreased by 11.4 per cent. from SAR 14.1 million in the nine-month period ended 30 September 2022G to SAR 12.5 million in the nine-month period ended 30 September 2023G, primarily due to lesser revenue generated by Saudi Logistic Services Company Limited and Terhab Customer Experience Company following the expiry of certain contracts.

6.7.4 Business Revenue by Sector in the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

The following table shows the business revenue by sector in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month periods ended 30 September 2022G and 30 September 2023G:

Table 6.21: Business Revenue by Sector in the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR	Nine-Month Periods Ended 30 September		Variance for the Period 30 September
	2020G Management Information	2021G Management Information	2022G Management Information	2020G-2021G	2021G-2022G	2020G-2022G	2022G Management information	2023G Management information	2022G –2023G
Petrochemical	312,335	307,717	315,549	(1.5%)	2.5%	0.5%	236,754	252,226	6.5%
Retail	176,013	122,348	121,263	(30.5%)	(0.9%)	(17.0%)	91,101	82,133	(9.8%)
Construction	331,133	256,502	285,358	(22.5%)	11.2%	(7.2%)	204,893	207,701	1.4%
Industrial	46,734	26,182	26,546	(44.0%)	1.4%	(24.6%)	18,555	23,188	25.0%
Healthcare	85,917	98,219	115,230	14.3%	17.3%	15.8%	83,393	81,799	(1.9%)
Hospitality	168,306	166,201	152,074	(1.3%)	(8.5%)	(4.9%)	114,016	84,832	(25.6%)

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR	Nine-Month Periods Ended 30 September		Variance for the Period 30 September
	2020G Management Information	2021G Management Information	2022G Management Information	2020G-2021G	2021G-2022G	2020G-2022G	2022G Management information	2023G Management information	2022G –2023G
Facility Management	83,689	103,811	122,017	24.0%	17.5%	20.7%	91,758	88,594	(3.4%)
Others	131,187	117,484	157,708	(10.4%)	34.2%	9.6%	122,344	109,257	(10.7%)
Corporate Segment - Total	**1,335,314**	**1,198,464**	**1,295,745**	**(10.2%)**	**8.1%**	**(1.5%)**	**962,814**	**929,732**	**(3.4%)**
Average number of manpower deployed									
Petrochemical	1,648	1,501	1,465	(8.9%)	(2.4%)	(5.7%)	1,459	1,336	(8.4%)
Retail	4,044	2,771	2,817	(31.5%)	1.7%	(16.5%)	2,907	2,221	(23.6%)
Construction	7,613	6,024	6,514	(20.9%)	8.1%	(7.5%)	6,389	5,793	(9.3%)
Industrial	997	588	588	(41.0%)	0.0%	(23.2%)	551	639	16.0%
Healthcare	1,148	1,317	1,484	14.7%	12.7%	13.7%	1,465	1,197	(18.3%)
Hospitality	4,083	3,748	3,306	(8.2%)	(11.8%)	(10.0%)	3,382	2,198	(35.0%)
Facility Management	2,106	2,646	3,040	25.6%	14.9%	20.1%	3,124	2,571	(17.7%)
Others	3,354	3,064	3,602	(8.6%)	17.6%	3.6%	3,655	4,912	34.4%
Total	**24,993**	**21,659**	**22,816**	**(13.3%)**	**5.3%**	**(4.5%)**	**22,932**	**20,867**	**(9.0%)**
Average revenue per manpower deployed									
Petrochemical	189,524	205,008	215,392	8.2%	5.1%	6.6%	162,272	188,792	16.3%
Retail	43,524	44,153	43,047	1.4%	(2.5%)	(0.6%)	31,338	36,980	18.0%
Construction	43,496	42,580	43,807	(2.1%)	2.9%	0.4%	32,070	35,854	11.8%
Industrial	46,875	44,527	45,146	(5.0%)	1.4%	(1.9%)	33,674	36,287	7.8%
Healthcare	74,841	74,578	77,648	(0.4%)	4.1%	1.9%	56,923	68,337	20.1%
Hospitality	41,221	44,344	45,999	7.6%	3.7%	5.6%	33,713	38,595	14.5%
Facility Management	39,738	39,233	40,137	(1.3%)	2.3%	0.5%	29,372	34,459	17.3%
Others	39,114	38,343	43,783	(2.0%)	14.2%	5.8%	33,473	22,243	(33.6%)
Total	**53,428**	**55,333**	**56,791**	**3.6%**	**2.6%**	**3.1%**	**41,986**	**44,555**	**6.1%**

Source: Management information.

6.7.4.1 Petrochemical

The petrochemical sector was the largest contributor to the Corporate Segment's revenue in the financial year ended 31 December 2022G, accounting for 24.4 per cent. of total Corporate Segment revenues. One client represented the largest customer in the oil and gas sector and accounted for 89.9 per cent. of total petrochemical revenue in the financial year ended 31 December 2022G.

Petrochemical sector revenue decreased by 1.5 per cent. from SAR 312.3 million in the financial year ended 31 December 2020G to SAR 307.7 million in the financial year ended 31 December 2021G primarily driven by the decrease in manpower deployed by 147 workers mainly due to the clients cost saving initiative. This was partly offset by the increase in average annual charge out rates from SAR 190 thousand to SAR 205 thousand due to outsourcing fewer blue-collar workers.

Petrochemical sector revenue increased by 2.5 per cent. from SAR 307.7 million in the financial year ended 31 December 2021G to SAR 315.5 million in the financial year ended 31 December 2022G mainly driven by the increase in average annual charge out rates from SAR 205 thousand to SAR 215 thousand due to outsourcing more white-collar workers, resulting in higher average annual charge out rate. This was partly offset by the decrease in manpower deployed by 36 workers mainly due to the clients continued cost saving initiative.

Petrochemical sector revenue increased by 6.5 per cent. from SAR 236.8 million in the nine-month period ended 30 September 2022G to SAR 252.2 million in the nine-month period ended 30 September 2023G mainly due to outsourcing more white-collar workers, which resulted in higher average annual charge out rates from SAR 162 thousand to SAR 189 thousand. This was partly offset by the decrease in manpower deployed by 124 workers mainly due to the clients cost saving initiative.

6.7.4.2 Retail

Retail sector revenue decreased by 30.5 per cent. from SAR 176.0 million in the financial year ended 31 December 2020G to SAR 122.3 million in the financial year ended 31 December 2021G primarily driven by the decrease in manpower deployed by 1,273 as a result of increased regulation by the Government for Saudization in the retail sector.

Retail sector revenue decreased by 0.9 per cent. from SAR 122.3 million in the financial year ended 31 December 2021G to SAR 121.3 million in the financial year ended 31 December 2022G mainly driven by the decrease in average annual charge out rates from SAR 44 thousand to SAR 43 thousand due to outsourcing more blue-collar workers.

Retail sector revenue decreased by 9.8 per cent. from SAR 91.1 million in the nine-month period ended 30 September 2022G to SAR 82.1 million in the nine-month period ended 30 September 2023G primarily driven by the decrease in manpower deployed by 686 workers. This was partially offset by the increase in annual charge out rate from SAR 31 thousand to SAR 37 thousand due to outsourcing workers with higher average rates.

6.7.4.3 Construction

Construction sector revenue decreased by 22.5 per cent. from SAR 331.1 million in the financial year ended 31 December 2020G to SAR 256.5 million in the financial year ended 31 December 2021G primarily driven by the decrease in manpower deployed by 1,589 workers as result of the slowdown in the construction sector during the financial year ended 31 December 2021G due to the COVID-19 pandemic.

Construction sector revenue increased by 11.2 per cent. from SAR 256.5 million in the financial year ended 31 December 2021G to SAR 285.4 million in the financial year ended 31 December 2022G primarily driven by the increase in manpower deployed by 490 workers due to the market recovery in the financial year ended 31 December 2022G and the lifting of travel restrictions which allowed the Group to recruit more expatriate talent and increase the availability of manpower for deployment.

Construction sector revenue increased by 1.4 per cent. from SAR 204.9 million in the nine-month period ended 30 September 2022G to SAR 207.7 million in the nine-month period ended 30 September 2023G mainly due to the mix effect of outsourcing more white-collar workers than blue-collar workers in the nine-month period ended 30 September 2023G. This was partly offset by the decrease in manpower deployed by 596 workers due to increased competition and the Company's strategy in being selective when targeting new clients in this sector due to cash flow challenges facing construction companies which may cause delays in receipt of payments.

6.7.4.4 Industrial

Industrial sector revenue decreased by 44.0 per cent. from SAR 46.7 million in the financial year ended 31 December 2020G to SAR 26.2 million in the financial year ended 31 December 2021G primarily driven by the decrease in manpower deployed by 409 workers primarily due to the slow recruitment of additional expatriate talent during the financial year ended 31 December 2021G as a result of the COVID-19 restrictions applied by the Government.

Industrial sector revenue then slightly increased by 1.4 per cent. from SAR 26.2 million in the financial year ended 31 December 2021G to SAR 26.5 million in the financial year ended 31 December 2022G.

Industrial sector revenue increased by 25.0 per cent. from SAR 18.6 million in the nine-month period ended 30 September 2022G to SAR 23.2 million in the nine-month period ended 30 September 2023G mainly due the increase in manpower deployed by 88 workers. This was coupled with the increase in annual charge out rate from SAR 34 thousand to SAR 36 thousand mainly due to the mix effect of outsourcing more white-collar workers than blue-collar workers, in the nine-month period ended 30 September 2023G.

6.7.4.5 Healthcare

Healthcare sector revenue increased by 14.3 per cent. from SAR 85.9 million in the financial year ended 31 December 2020G to SAR 98.2 million in the financial year ended 31 December 2021G primarily driven by the increase in manpower deployed by 169 as a result of increased demand in hospitals post the COVID-19 pandemic in the financial year ended 31 December 2020G. The Company was able to meet the additional demand in the healthcare sector by leveraging its manpower resources externally in Q4 2020G.

Healthcare sector revenue increased by 17.3 per cent. from SAR 98.2 million in the financial year ended 31 December 2021G to SAR 115.2 million in the financial year ended 31 December 2022G mainly driven by the increase in manpower deployed by 166, coupled with the increase in average annual charge out rates from SAR 75 thousand to SAR 78 thousand due to outsourcing a higher number medical staff who were contracted at higher average rates.

Healthcare sector revenue decreased by 1.9 per cent. from SAR 83.4 million in the nine-month period ended 30 September 2022G to SAR 81.8 million in the nine-month period ended 30 September 2023G mainly due the decrease in manpower deployed by 269 workers primarily due to onboarding less nurses as a result of the slow-down in recruitment from Philippines due to the ongoing restructuring of staff sourcing process. This was partially offset by the increase in average annual charge out rates from SAR 57 thousand to SAR 68 thousand due to outsourcing higher pay medical staff.

6.7.4.6 Hospitality

Hospitality sector revenue decreased by 1.3 per cent. from SAR 168.3 million in the financial year ended 31 December 2020G to SAR 166.2 million in the financial year ended 31 December 2021G primarily driven by the decrease in manpower deployed by 334 workers primarily due to the slow recruitment of additional expatriate talent during the financial year ended 31 December 2021G as a result of the COVID-19 restrictions applied by the Saudi Government. This was partially offset by the increase in annual charge out rate from SAR 41 thousand to SAR 44 thousand due to outsourcing workers with higher average rates.

Hospitality sector revenue decreased by 8.5 per cent. from SAR 166.2 million in the financial year ended 31 December 2021G to SAR 152.1 million in the financial year ended 31 December 2022G primarily driven by the decrease in manpower deployed by 442 workers primarily due to the increase in competition and Saudization requirements during the financial year ended 31 December 2021G. This was partially offset by the increase in annual charge out rate from SAR 44 thousand to SAR 46 thousand due to outsourcing workers with higher average rates.

Hospitality sector revenue decreased by 25.6 per cent. from SAR 114.0 million in the nine-month period ended 30 September 2022G to SAR 84.8 million in the nine-month period ended 30 September 2023G primarily driven by the decrease in manpower deployed by 1,184 workers primarily due to the loss of clients due to increased competition and the increase in direct hiring by clients leading to less workers requested by the existing clients. This was partially offset by the increase in annual charge out rate from SAR 34 thousand to SAR 39 thousand due to outsourcing workers with higher average rates.

6.7.4.7 Facility Management

Facility management sector revenue increased by 24.0 per cent. from SAR 83.7 million in the financial year ended 31 December 2020G to SAR 103.8 million in the financial year ended 31 December 2021G mainly driven by the increase in manpower deployed by 540 workers to new customers. This was partially offset by the decrease in average annual charge out rates from SAR 40 thousand to SAR 39 thousand due to outsourcing blue-collar workers in positions that yield lower average rates.

Facility management sector revenue increased by 17.5 per cent. from SAR 103.8 million in the financial year ended 31 December 2021G to SAR 122.0 million in the financial year ended 31 December 2022G mainly driven by the increase in manpower deployed by 394 workers driven by the increase in number of customers by 8. This was coupled with the increase in average annual charge out rates from SAR 39 thousand to SAR 40 thousand mainly due to the mix effect of outsourcing more white-collar workers than blue-collar workers.

Facility management sector revenue decreased by 3.4 per cent. from SAR 91.8 million in the nine-month period ended 30 September 2022G to SAR 88.6 million in the nine-month period ended 30 September 2023G primarily driven by the decrease in manpower deployed by 553 workers due to less workers requested from existing clients. This was partially offset by the increase in annual charge out rate from SAR 29 thousand to SAR 34 thousand due to outsourcing workers in managerial positions that yield higher average rates.

6.7.4.8 Others

Others mainly comprised sectors related to agriculture, logistics, entertainment, communications, professional, scientific, and technical services, water and waste management services, education, finance and insurance, real estate services, and electricity, gas, steam and air conditioning supplies.

Other sectors revenue decreased by 10.4 per cent. from SAR 131.2 million in the financial year ended 31 December 2020G to SAR 117.5 million in the financial year ended 31 December 2021G primarily driven by the decrease in manpower deployed by 290 workers primarily due to the slow recruitment of additional expatriate talent during the financial year ended 31 December 2021G as a result of the COVID-19 restrictions applied by the Saudi Government. This was coupled with the decrease in average annual charge out rates from SAR 39 thousand to SAR 38 thousand mainly due to the mix effect of outsourcing more blue-collar workers than white-collar workers, in the financial year ended 31 December 2021G.

Other sectors revenue increased by 26.4 per cent. from SAR 117.5 million in the financial year ended 31 December 2021G to SAR 157.7 million in the financial year ended 31 December 2022G mainly driven by the increase in manpower deployed by 538 workers driven by the increase in number of customers by 33 as the market recovered in the financial year ended 31 December 2022G. This was coupled with the increase in average annual charge out rates from SAR 41 thousand to SAR 44 thousand due to outsourcing workers with higher average rates.

Other sectors revenue decreased by 10.7 per cent. from SAR 122.3 million in the nine-month period ended 30 September 2022G to SAR 109.3 million in the nine-month period ended 30 September 2023G mainly driven by the decrease in average annual charge out rates from SAR 33 thousand to SAR 22 thousand due to outsourcing workers with lower average rates. This was partially offset by the increase in manpower deployed by 1,257 workers.

6.7.5 Cost of Revenue in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

The following table shows the cost of revenue in the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month periods ended 30 September 2022G and 30 September 2023G:

Table 6.22: Cost of Revenue in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR	Nine-Month Periods Ended 30 September		Var. for the Period 30 September
	2020G Management Information	2021G Management Information	2022G Management Information	2020G-2021G	2021G-2022G	2020G-2022G	2022G Management information	2023G Management information	2022G –2023G
Salaries and wages	1,084,253	1,018,541	1,094,058	(6.1%)	7.4%	0.5%	819,952	815,600	(0.5%)
Iqama and labour licence fees	260,551	254,455	266,899	(2.3%)	4.9%	1.2%	196,776	182,230	(7.4%)
Recruitment fees	77,587	59,428	89,353	(23.4%)	50.4%	7.3%	56,254	81,924	45.6%
Insurance and medical check-up	32,998	25,232	28,431	(23.5%)	12.7%	(7.2%)	21,882	18,234	(16.7%)
Visas	33,145	20,339	30,951	(38.6%)	52.2%	(3.4%)	18,288	20,015	9.4%
Depreciation of right-of-use assets and rent	9,742	9,782	11,745	0.4%	20.1%	9.8%	7,185	8,172	13.7%
Depreciation	20,571	20,069	18,017	(2.4%)	(10.2%)	(6.4%)	13,115	13,804	5.3%
Food and transportations	15,177	13,909	18,867	(8.4%)	35.6%	11.5%	17,675	18,983	7.4%
Maintenance and cleaning	14,164	10,357	16,641	(26.9%)	60.7%	8.4%	12,557	9,345	(25.6%)
Communication and subscription	2,598	3,878	7,042	49.3%	81.6%	64.6%	6,128	9,064	47.9%
Other	13,516	13,709	20,206	1.4%	47.4%	22.3%	17,353	14,396	(17.0%)
Total	**1,564,300**	**1,449,700**	**1,602,212**	**(7.3%)**	**10.5%**	**1.2%**	**1,187,165**	**1,191,767**	**0.4%**
As a % of total revenue									
Salaries and wages for services provided	59.7%	59.4%	59.5%	(0.3)	0.1	(0.2)	60.2%	59.7%	(0.5)
Iqama and labour licence fees	14.3%	14.8%	14.5%	0.5	(0.3)	0.2	14.4%	13.3%	(1.0)
Total	**86.1%**	**84.5%**	**87.1%**	**(1.6)**	**2.6**	**1.0**	**87.1%**	**87.2%**	**0.2**
Key Performance Indicators									
Average number of manpower available	45,687	37,995	41,032	(7,692)	3,037	(4,655)	40,978	37,581	(3,397)
Average number of staff	344	428	489	84	61	145	488	489	1

Source: Management information.

6.7.5.1 Salaries and Wages

Salaries and wages were mainly related to salaries for all manpower working in the Business and Raha Segments as well as office staff directly involved with facilitating deployment of manpower.

Salaries and wages decreased by 6.1 per cent. from SAR 1,084.3 million in the financial year ended 31 December 2020G to SAR 1,018.5 million in the financial year ended 31 December 2021G primarily due to the decrease in available manpower from an average of 45,687 workers in the financial year ended 31 December 2020G to 37,995 workers in the financial year ended 31 December 2021G. This decline was due to the slow recruitment of additional expatriate talent as a result of the COVID-19 restrictions applied by the Saudi Government.

Salaries and wages increased by 7.4 per cent. from SAR 1,018.5 million in the financial year ended 31 December 2021G to SAR 1,094.1 million in the financial year ended 31 December 2022G mainly due to the increase in available manpower from an average of 37,995 in the financial year ended 31 December 2021G to 41,032 in the financial year ended 31 December 2022G. The increase in available manpower was due to efforts to recruit additional workers from Indonesia, Uganda and India in order to meet demand in the Business and Raha Segments within the Kingdom.

Salaries and wages decreased by 0.5 per cent. from SAR 820.0 million in the nine-month period ended 30 September 2022G to SAR 815.6 million in the nine-month period ended 30 September 2023G primarily due to the decrease in available manpower from an average of 40,978 in the nine-month period ended 30 September 2022G to 37,581 in the nine-month period ended 30 September 2023G, as well as a change in the mix of the average manpower deployed in the nine-month period ended 30 September 2023G. The decline in the average manpower deployed was due to increased competition in the Corporate Segment which resulted in the loss of a few customers in certain sectors.

6.7.5.2 Iqama and Labour License Fees

Iqama and labour licence fees are related to all employees and workers under the Company's sponsorship which are settled in full when due and amortised on a monthly basis during the year. The annual fees for workers in the Corporate Segment was SAR 10,350 per worker, while the annual fees for the workers in the Raha Segment was SAR 750 per worker over the Historical Period. Iqama and labour licence fees fluctuated over the Historical Period driven by the number of manpower requiring iqamas to work in the Kingdom.

Iqama and labour licence fees decreased by 2.3 per cent. from SAR 260.6 million in the financial year ended 31 December 2020G to SAR 254.5 million in the financial year ended 31 December 2021G mainly driven by the decrease in available manpower from an average of 45,687 in the financial year ended 31 December 2020G to 37,995 in the financial year ended 31 December 2021G. It is worth noting that extension/renewal of licences and work permits were free of charge, during the three-month period from 30 March 2020G to 30 June 2020G.

Iqama and labour licence fees increased by 4.9 per cent. from SAR 254.5 million in the financial year ended 31 December 2021G to SAR 266.9 million in the financial year ended 31 December 2022G due to the increase in available manpower from an average of 37,995 in the financial year ended 31 December 2021G to 41,032 in the financial year ended 31 December 2022G.

Iqama and labour licence fees decreased by 7.4 per cent. from SAR 196.8 million in the nine-month period ended 30 September 2022G to SAR 182.2 million in the nine-month period ended 30 September 2023G in line with the decrease in manpower from an average of 40,978 in the nine-month period ended 30 September 2022G to 37,581 in the nine-month period ended 30 September 2023G.

6.7.5.3 Recruitment Fees

Recruitment fees represent the costs paid to recruitment offices overseas when hiring new workers. These costs are amortised over a period of two years which is the general duration of a contract.

Recruitment fees decreased by 23.4 per cent. from SAR 77.6 million in the financial year ended 31 December 2020G to SAR 59.4 million in the financial year ended 31 December 2021G as fewer workers were hired in the financial year ended 31 December 2020G due to the COVID-19 pandemic.

Recruitment fees increased by 50.4 per cent. from SAR 59.5 million in the financial year ended 31 December 2021G to SAR 89.4 million in the financial year ended 31 December 2022G as 16,155 workers were recruited in the financial year ended 31 December 2022G, compared to 15,591 workers in the financial year ended 31 December 2021G, following the lifting of COVID-19 restrictions.

Recruitment fees increased by 45.6 per cent. from SAR 56.3 million in the nine-month period ended 30 September 2022G to SAR 81.9 million in the nine-month period ended 30 September 2023G as additional 7,906 workers were onboarded in the nine-month period ended 30 September 2023G.

6.7.5.4 Insurance and Medical Check-up

Insurance and medical expenses related to workers engaged in providing services to customers in the Business and Raha Segments as well as group staff directly involved in the deployment of manpower.

Insurance and medical expenses decreased by 23.5 per cent. from SAR 33.0 million in the financial year ended 31 December 2020G to SAR 25.2 million in the financial year ended 31 December 2021G due to lower premiums as the Company switched insurance providers, coupled with lower number available manpower for deployment (45,687 workers in the financial year ended 31 December 2020G compared to 37,995 workers in the financial year ended 31 December 2021G).

Insurance and medical expenses increased by 12.7 per cent. from SAR 25.2 million in the financial year ended 31 December 2021G to SAR 28.4 million in the financial year ended 31 December 2022G primarily driven by the increase in the number of workforce requiring insurance as a result of the recruitment drive post relaxation of the COVID-19 restrictions (37,995 workers in the financial year ended 31 December 2021G compared to 41,032 workers in the financial year ended 31 December 2022G).

Insurance and medical expenses decreased by 16.7 per cent. from SAR 21.9 million in the nine-month period ended 30 September 2022G to SAR 18.2 million in the nine-month period ended 30 September 2023G mainly due to the decrease in available manpower from an average of 40,978 workers in the nine-month period ended 30 September 2022G to 37,581 workers in the nine-month period ended 30 September 2023G.

6.7.5.5 Visas

Visa fees were related to the hiring of new workers. These costs are amortised over two years as the general duration of a contract is for two years.

Visa fees decreased by 38.6 per cent. from SAR 33.1 million in the financial year ended 31 December 2020G to SAR 20.3 million in the financial year ended 31 December 2021G as fewer employees were hired as a result of the COVID-19 pandemic which in return reduced the visa costs amortised in in the financial year ended 31 December 2021G.

Visa fees increased by 52.2 per cent. from SAR 20.3 million in the financial year ended 31 December 2021G to SAR 31.0 million in the financial year ended 31 December 2022G in line with higher recruitment following the lifting of COVID-19 restrictions.

Visa fees increased by 9.4 per cent. from SAR 18.3 million in the nine-month period ended 30 September 2022G to SAR 20.0 million in the nine-month period ended 30 September 2023G as more workers were onboarded in order to meet customer demand.

6.7.5.6 Depreciation of Right-of-Use and Rent

Depreciation of right-of-use assets and rent primarily related to the head office, distribution centres, and employee housing.

Depreciation remained stable at SAR 9.7 million between the financial year ended 31 December 2020G and the financial year ended 31 December 2021G as there were no expansions during the same period.

Depreciation increased 20.1 per cent. from SAR 9.8 million in the financial year ended 31 December 2021G to SAR 11.7 million in the financial year ended 31 December 2022G primarily due to the increase in number of distribution centres over the same period.

Depreciation costs increased by 13.7 per cent. from SAR 7.2 million in the nine-month period ended 30 September 2022G to SAR 8.2 million in the nine-month period ended 30 September 2023G mainly due to the renewal of distribution centre contracts at higher rental rates.

6.7.5.7 Depreciation

Depreciation was mainly related to the Company's fleet of buses, IT equipment furniture and fixtures at distribution centres / worker housing.

Depreciation remained stable, averaging SAR 20.3 million over the financial year ended 31 December 2020G and the financial year ended 31 December 2021G.

Depreciation decreased 10.2 per cent. from SAR 20.1 million in the financial year ended 31 December 2021G to SAR 18.0 million in the financial year ended 31 December 2022G primarily due to the disposal of transportation buses which had been fully depreciated.

Depreciation increased by 5.3 per cent. from SAR 13.1 million in the nine-month period ended 30 September 2022G to SAR 13.8 million in the nine-month period ended 30 September 2023G primarily driven by the increase in number of buses, coupled with replacement of fully depreciated buses with new buses.

6.7.5.8 Food and Transportation

Food and transportation costs are related to the workers in the Business and Raha Segments. These relate to unutilised workers in the Corporate Segment who are staying in accommodation provided by the Company, as well as active workers in the Raha Hourly Segment who are transported to and from customer locations.

Food and transportation costs decreased by 8.4 per cent. from SAR 15.2 million in the financial year ended 31 December 2020G to SAR 13.9 million in the financial year ended 31 December 2021G primarily due to the decrease in food costs as a result of the decrease in the available headcount from an average of 45,687 in the financial year ended 31 December 2020G to 37,995 in the financial year ended 31 December 2021G. This was partially offset by the increase in transportation costs as a result of the increase in number of Raha Hourly trips from 1,712,707 visits in the financial year ended 31 December 2020G to 2,093,302 visits in the financial year ended 31 December 2021G.

Food and transportation costs increased by 35.6 per cent. from SAR 13.9 million in the financial year ended 31 December 2021G to SAR 18.9 million in the financial year ended 31 December 2022G mainly driven by the increase in available headcount from an average of 37,995 in the financial year ended 31 December 2021G to 41,032 in the financial year ended 31 December 2022G as well as the increase in trips to 2,294,856 visits in the financial year ended 31 December 2022G.

Food and transportation costs increased by 7.4 per cent. from SAR 17.7 million in the nine-month period ended 30 September 2022G to SAR 19.0 million in the nine-month period ended 30 September 2023G, mainly driven by higher number of available manpower at the workers accommodation. This was coupled with the increase in catering costs by 3 per cent. and the increase in diesel costs for buses in the nine-month period ended 30 September 2023G.

6.7.5.9 Maintenance and Cleaning

Maintenance and cleaning related to maintenance and cleaning costs incurred at the workers housing and maintenance of buses.

Maintenance and cleaning costs decreased by 26.9 per cent. from SAR 14.2 million in the financial year ended 31 December 2020G to SAR 10.4 million in the financial year ended 31 December 2021G due to less workers present at the accommodation, coupled with the decrease in number of buses over the same period.

Maintenance and cleaning increased by 60.7 per cent. from SAR 10.4 million in the financial year ended 31 December 2021G to SAR 16.6 million in the financial year ended 31 December 2022G primarily driven by the increase in number of Raha Hourly workers in the financial year ended 31 December 2022G, coupled with the increase in number of buses.

Maintenance and cleaning decreased by 25.6 per cent. from SAR 12.6 million in the nine-month period ended 30 September 2022G to SAR 9.3 million in the nine-month period ended 30 September 2023G mainly due to lower maintenance costs for buses as older buses were replaced with newer ones, in addition to lower average manpower in the in the nine-month period ended 30 September 2023G compared to in the nine-month period ended 30 September 2022G.

6.7.5.10 Communication and Subscription

Communication and subscription costs included costs related to the tracking system of buses, subscriptions for route cost optimisation programme (Capcargo), and mobile subscriptions for drivers and accommodation coordinators.

Communication costs increased by 49.3 per cent. from SAR 2.6 million in the financial year ended 31 December 2020G to SAR 3.9 million in the financial year ended 31 December 2021G due to the increase in number of Raha Hourly visits in the financial year ended 31 December 2021G driven by the lifting of COVID-19 pandemic lockdowns.

Communication costs increased by 81.6 per cent. from SAR 3.9 million in the financial year ended 31 December 2021G to SAR 7.0 million in the financial year ended 31 December 2022G primarily attributed to Ajeer for business customers, a newly implemented system in quarter 4 of the financial year ended 31 December 2022G, which is a Government cloud database that links each worker and their respective client. It is worth mentioning that these additional costs were charged to the business clients.

Communication costs increased by 47.9 per cent. from SAR 6.1 million in the nine-month period ended 30 September 2022G to SAR 9.1 million in the nine-month period ended 30 September 2023G mainly due to a reclassification of SAR 1.0 million in the nine-month period ended 30 September 2022G to communication expenses in cost of revenues.

6.7.5.11 Other

Other costs mainly comprised water and electricity expenses of the distribution centres and worker accommodation, consumption tools, and staff uniform costs.

Other costs remained stable averaging SAR 13.6 million over the 2020G to 2021G period.

Other costs increased by 47.4 per cent. from SAR 13.7 million in the financial year ended 31 December 2021G to SAR 20.2 million in the financial year ended 31 December 2022G mainly due to the increase in water and electricity expenses by SAR 1.7 million as the number of workers at the distribution centres and housing increased in the financial year ended 31 December 2022G, and the increase in consumption tools by SAR 1.8 million in the financial year ended 31 December 2022G.

Other costs decreased by 17.0 per cent. from SAR 17.4 million in the nine-month period ended 30 September 2022G to SAR 14.4 million in the nine-month period ended 30 September 2023G primarily due to the decrease in loyalty points by SAR 2.4 million as a result of lower Raha Hourly sales during the period and the decrease in general benefits by SAR 1.2 million.

6.7.6 Gross Profit by Business Subsegments in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

The following table shows the gross profit by business subs in the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month periods ended 30 September 2022G and 30 September 2023G:

Table 6.23: Gross Profit by Business subsegments in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-month Periods Ended 30 September 2022G and 30 September 2023G

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR	Nine-Month Periods Ended 30 September		Variance for the Period 30 September
	2020G Management Information	2021G Management Information	2022G Management Information	2020G-2021G	2021G-2022G	2020G-2022G	2022G Management Information	2023G Management Information	2022G –2023G
Business	196,340	125,370	156,062	(36.1%)	24.5%	(10.8%)	108,023	97,795	(9.5%)
Raha Mouqeemah	66,191	76,322	39,669	15.3%	(48.0%)	(22.6%)	31,289	43,657	39.5%
Raha Hourly	(9,736)	59,309	41,358	(709.2%)	(30.3%)	-	29,498	38,010	28.9%
Others	300.0	5,060	588	1586.7%	(88.4%)	40.0%	6,616	(4,401)	(166.5%)
Total	**253,095**	**266,061**	**237,677**	**5.1%**	**(10.7%)**	**(3.1%)**	**175,426**	**175,426**	**(0.2%)**
Gross profit/(loss) margin - as a % of revenue									
Business	14.7%	10.5%	12.0%	(4.2)	1.6	(2.7)	11.2%	10.5%	(0.7)
Raha Mouqeemah	21.6%	28.5%	13.2%	7.0	(15.3)	(8.4)	15.0%	16.7%	1.7
Raha Hourly	(5.6%)	24.6%	17.6%	30.2	(7.1)	23.1	16.7%	23.3%	6.7
Others	50.0%	54.0%	6.3%	4.0	(47.8)	(43.7)	47.0%	(35.3%)	(82.2)
Total	**13.9%**	**15.5%**	**12.9%**	**1.6**	**(2.6)**	**(1.0)**	**12.9%**	**12.8%**	**(0.1)**

Source: Management information.

6.7.6.1 Business

Corporate Segment gross profit decreased by 36.1 per cent. from SAR 196.3 million in the financial year ended 31 December 2020G to SAR 125.4 million in the financial year ended 31 December 2021G, and gross profit margin declined from 14.7 per cent. in the financial year ended 31 December 2020G to 10.5 per cent. in the financial year ended 31 December 2021G. This decline was mainly due to a decrease in the average number of manpower deployed from 24,992 workers in the financial year ended 31 December 2020G to 21,659 workers in the financial year ended 31 December 2021G as well as the lack of one-off support received by the Company from the Government in the financial year ended 31 December 2020G.

Corporate Segment gross profit increased by 24.5 per cent. from SAR 125.4 million in the financial year ended 31 December 2021G to SAR 156.1 million in the financial year ended 31 December 2022G, and gross profit margin increased from 10.5 per cent. in the financial year ended 31 December 2021G to 12.0 per cent. in the financial year ended 31 December 2022G mainly due to the increase in average number of manpower deployed from 21,659 workers in the financial year ended 31 December 2021G to 22,816 workers in the financial year ended 31 December 2022G as well as the increase in the average annual charge out rates of workers from SAR 55 thousand in the financial year ended 31 December 2021G to SAR 57 thousand in the financial year ended 31 December 2022G. This increase in charge out rates were from customers operating in the petrochemical, healthcare, hospitality, facility management, industrial, operation and construction sectors.

Corporate Segment gross profit decreased by 9.5 per cent. from SAR 108.0 million in the nine-month period ended 30 September 2022G to SAR 97.8 million in the nine-month period ended 30 September 2023G, primarily driven by the decrease in average number of manpower deployed from 22,932 workers in the nine-month period ended 30 September 2022G to 20,867 workers in the nine-month period ended 30 September 2023G.

6.7.6.2 Raha Mouqeemah

Raha Mouqeemah Segments gross profit increased by 15.3 per cent. from SAR 66.2 million in the financial year ended 31 December 2020G to SAR 76.3 million in the financial year ended 31 December 2021G, and gross profit margin increased from 21.6 per cent. in the financial year ended 31 December 2020G to 28.5 per cent. in the financial year ended 31 December 2021G, primarily due to the increase in average annual charge out rates of workers from SAR 29 thousand in the financial year ended 31 December 2020G to SAR 31 thousand in the financial year ended 31 December 2021G due to the high demand of the service following the lifting of COVID-19 local restrictions. This was partly offset by the decrease in average number of manpower deployed from 10,741 workers in the financial year ended 31 December 2020G to 8,532 workers in the financial year ended 31 December 2021G primarily due to the Company's limitation with onboarding new workers in the financial year ended 31 December 2021G due to the COVID-19 travel restrictions.

Raha Mouqeemah Segment gross profit decreased by 48.0 per cent. from SAR 76.3 million in the financial year ended 31 December 2021G to SAR 39.7 million in the financial year ended 31 December 2022G, and gross profit margin which decreased from 28.5 per cent. in the financial year ended 31 December 2021G to 13.2 per cent. in the financial year ended 31 December 2022G mainly due to the decrease in average annual charge rate from SAR 31 thousand in the financial year ended 31 December 2021G to SAR 30 thousand in the financial year ended 31 December 2022G. The decline in the average charge out rates was primarily due to the mix effect of outsourcing workers with nationalities that yield a lower average charge out rate. This was coupled with the increase in recruitment and visa fees as a result of an increased number of early terminations which resulted in the amortisation of the remaining recruitment and visa costs in the financial year ended 31 December 2022G. The recruitment and visa cost were SAR 69.5 million in the in the financial year ended 31 December 2022G as compared to SAR 41.0 million in the financial year ended 31 December 2021G. It is also important to note that in the financial year ended 31 December 2021G the Company extended the contracts of several workers whose contracts expired during the year and these workers were unable to fly back to their own countries, thereby not incurring additional recruitment fees during the year.

Raha Mouqeemah's gross profit increased by 39.5 per cent. from SAR 31.3 million in the nine-month period ended 30 September 2022G to SAR 43.7 million in the nine-month period ended 30 September 2023G, and gross profit margin increased from 15.0 per cent. in the nine-month period ended 30 September 2022G to 16.7 per cent. in the nine-month period ended 30 September 2023G, primarily driven by the increase in average number of manpower deployed from 9,498 workers in the nine-month period ended 30 September 2022G to 10,657 workers in the nine-month period ended 30 September 2023G and the increase in average annual charge out rate from SAR 22 thousand in the nine-month period ended 30 September 2022G to SAR 25 thousand in the nine-month period ended 30 September 2023G. The increase in average annual charge out rates was due to the mix effect of outsourcing workers with nationalities that yield a higher average charge out rate.

6.7.6.3 Raha Hourly

Raha Hourly's gross profit increased by 709.2 per cent. from SAR (9.7) million in the financial year ended 31 December 2020G to SAR 59.3 million in the financial year ended 31 December 2021G, and gross profit margin increased from (5.6 per cent.) in the financial year ended 31 December 2020G to 24.6 per cent. in the financial year ended 31 December 2021G mainly due to the increase in number of visits from 1,712,707 visits to 2,093,302 visits as a result of the lifting of COVID-19 restrictions as well as the increase average hourly charge out rates. The number of visits increased in the year ended 31 December 2021G as there were no Raha Hourly visits during April, May, and June of the financial year ended 31 December 2020G. This resulted in an increase in average utilisation from 64.4 per cent. to 85.5 per cent. over the same period.

Raha Hourly Segment gross profit decreased by 30.3 per cent. from SAR 59.3 million in the financial year ended 31 December 2021G to SAR 41.4 million in the financial year ended 31 December 2022G, and gross profit margin decreased from 24.6 per cent. in the financial year ended 31 December 2021G to 17.6 per cent. in the financial year ended 31 December 2022G mainly due to the decrease in average hourly charge rate per visit from SAR 114.9 per visit to SAR 102.5 per visit as a result of the mix effect of outsourcing more workers with a cheaper hourly rate. This was due to the halting of onboarding of workers from the Philippines which represented the highest hourly rate. This was partly offset by the increase in number of visits from 2,093,302 visits to 2,294,865 visits.

Raha Hourly Segment gross profit increased by 28.9 per cent. from SAR 29.5 million in the nine-month period ended 30 September 2022G to SAR 38.0 million in the nine-month period ended 30 September 2023G, and gross profit margin increased from 16.7 per cent. in the nine-month period ended 30 September 2022G to 23.3 per cent. in the nine-month period ended 30 September 2023G. The increase was mainly due to the increase in average hourly charge rate per visit from SAR 106.6 per visit to SAR 113.5 per visit mainly due to the increase in market demand. It is also worth noting that average utilisation increased from 84.5 per cent. to 88.2 per cent. over the same period.

6.7.6.4 Others

Other mainly related to gross profits/(losses) generated by services provided by Subsidiaries of the Company.

Other segments gross profit increased from SAR 0.3 million in the financial year ended 31 December 2020G to SAR 9.4 million in the financial year ended 31 December 2021G, driven by profits generated by Esnad for Building & Housing Cleaning Services Company and Saudi Logistic Services Company Limited.

Other segments gross profit decreased from SAR 5.1 million in the financial year ended 31 December 2021G to SAR 0.6 million in the financial year ended 31 December 2022G mainly due to less profits generated by Saudi Logistic Services Company Limited.

Other segments gross profit decreased by 166.5 per cent. from SAR 6.6 million in the nine-month period ended 30 September 2022G to SAR (4.4) million in the nine-month period ended 30 September 2023G, primarily due to lesser profits generated by Saudi Logistic Services Company Limited and Romoz Development for Communications and Information Technology Company. Other segments gross profit amounted to SAR 6.6 million in the nine-month period ended 30 September 2022G, compared to SAR 0.6 million in the financial year ended 31 December 2022G, as a result of a different approach to the eliminations process of intercompany transactions.

6.7.7 General and Administrative Expenses in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

The following table shows the general and administrative expenses in the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month periods ended 30 September 2022G and 30 September 2023G:

Table 6.24: General and Administrative Expenses in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR	Nine-Month Periods Ended 30 September		Variance for the Period 30 September
	2020G Audited	2021G Audited	2022G Audited	2020G-2021G	2021G-2022G	2020G-2022G	2022G Management Information	2023G Management Information	2022G –2023G
Salaries, other benefits	32,706	33,755	26,586	3.2%	(21.2%)	(9.8%)	21,532	20,304	(5.7%)
Cleaning and maintenance	2,058	2,232	3,253	8.5%	45.7%	25.7%	2,296	1,370	(40.3%)
Depreciation	2,157	3,025	2,947	40.2%	(2.6%)	16.9%	2,181	2,181	-
Licenses and subscriptions	2,358	3,938	2,273	67.0%	(42.3%)	(1.8%)	2,326	1,783	(23.3%)
Depreciation of Right-of-Use-Assets	2,930	3,021	1,591	3.1%	(47.3%)	(26.3%)	1,193	1,288	8.0%
Professional fees and consolations	3,851	5,524	1,578	43.4%	(71.4%)	(36.0%)	1,264	1,869	47.9%
Communications	735	1,299	1,346	76.8%	3.6%	35.4%	1,026	1,297	26.4%
Leases	-	52	625	-	1,101.9%	-	272	251	(7.7%)
Utilities	164	321	441	95.6%	37.3%	63.9%	357	120	(66.4%)
Stationery	393	287	82	(27.1%)	(71.4%)	(54.3%)	63	53	(15.9%)
IT services charges	-	2,800	-	-	(100.0%)	-	-	-	-
Other	6,443	5,076	4,129	(21.2%)	(18.6%)	(19.9%)	2,975	6,379	114.4%
Total	**53,796**	**61,330**	**44,851**	**14.0%**	**(26.9%)**	**(8.7%)**	**35,483**	**36,895**	**4.0%**
General and administrative expenses as a % of revenue									
Salaries, other benefits	1.8%	2.0%	1.5%	0.2	(0.5)	(0.3)	1.6%	1.5%	(0.1)
Cleaning and maintenance	0.1%	0.1%	0.18%	0.0	(0.1)	(0.1)	0.2%	0.1%	(0.1)

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR	Nine-Month Periods Ended 30 September		Variance for the Period 30 September
	2020G Audited	2021G Audited	2022G Audited	2020G-2021G	2021G-2022G	2020G-2022G	2022G Management Information	2023G Management Information	2022G –2023G
Total	**3.0%**	**3.6%**	**2.5%**	**0.6**	**(1.1)**	**(0.5)**	**2.6%**	**2.7%**	**0.1**
Average number of staff	138	143	165	5	22	27	135	104	(31)
Average salary per staff	19,750	19,671	13,427	(79)	(6,244)	(6,323)	13,340	16,269	2,929

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and management information for the nine-month period ended 30 September 2023G.

6.7.7.1 Salaries and Other Benefits

Salaries and other benefits in general and administrative expenses related to salaries and wages for head office staff.

Salaries and other benefits increased by 3.2 per cent. from SAR 32.7 million in the financial year ended 31 December 2020G to SAR 33.8 million in the financial year ended 31 December 2021G. This increase was primarily due to the increase in the average number of staff in the financial year ended 31 December 2021G. However the decline in the average salary per staff from SAR 19,750 in the financial year ended 31 December 2020G to SAR 19,671 in the financial year ended 31 December 2021G was due to the combined effect of 1) the transfer of two key c-suite employees from the Company standalone to the Al Holoul Al Mutakamela Holding Company in the financial year ended 31 December 2021G and 2) the fact that one to two months of employee salaries, along with vacation allowance balances, were deducted in the financial year ended 31 December 2020G due to the cost cutting initiatives issued by the Government as a result of the implications of the COVID-19 pandemic.

Salaries and wages decreased by 21.2 per cent. from SAR 33.8 million in the financial year ended 31 December 2021G to SAR 26.6 million in the financial year ended 31 December 2022G mainly as a result of lower bonuses paid out in the financial year ended 31 December 2022G as a result of the restructuring of the bonus and incentives scheme.

Salaries and wages decreased by 5.7 per cent. from SAR 21.5 million in the nine-month period ended 30 September 2022G to SAR 20.3 million in the nine-month period ended 30 September 2023G due to decrease in staff headcount by 31 in the nine-month period ended 30 September 2023G.

6.7.7.2 Cleaning and Maintenance

Cleaning and maintenance represented head office cleaning and maintenance.

Cleaning and maintenance expenses increased by 8.5 per cent. from SAR 2.1 million in the financial year ended 31 December 2020G to SAR 2.2 million in the financial year ended 31 December 2021G mainly due to the increase in spending as a result of the COVID-19 pandemic.

Cleaning and maintenance expenses increased by 45.7 per cent. from SAR 2.2 million in the financial year ended 31 December 2021G to SAR 3.3 million in the financial year ended 31 December 2022G as a result of a reclassification of direct costs related to facility management services, which were reclassified from cost of sales to general and administrative expenses ("**G&A**").

Cleaning and maintenance costs decreased by 40.3 per cent. from SAR 2.3 million in the nine-month period ended 30 September 2022G to SAR 1.4 million in the nine-month period ended 30 September 2023G due to the winding up of Areeb Human Resources Company and Esnad for Building & Housing Cleaning Services Company, which resulted in costs related to these entities excluded from ("**G&A**").

6.7.7.3 Depreciation

Depreciation expenses related to head office IT equipment, furniture, fixtures, and amortisation of intangible assets.

Depreciation increased by 40.2 per cent. from SAR 2.2 million in the financial year ended 31 December 2020G to 3.0 million in the financial year ended 31 December 2021G mainly related to additions to furniture and fixtures driven by the expansion of head office space in the financial year ended 31 December 2021G.

Amortisation (which forms part of the expense and is classified within depreciation) decreased by 2.6 per cent. from SAR 3.0 million in the financial year ended 31 December 2021G to SAR 2.9 million in the financial year ended 31 December 2022G primarily due to certain intangible assets being fully amortised in the financial year ended 31 December 2022G.

Depreciation remained stable at SAR 2.2 million during the nine-month period ended 30 September 2022G and the nine-month period ended 30 September 2023G.

6.7.7.4 Licences and Subscriptions

Licences and subscriptions represented expenses related to IT applications, services, and other Government subscriptions of the Company.

Licenses and subscriptions increased by 67.0 per cent. from SAR 2.4 million in the financial year ended 31 December 2020G to SAR 3.9 million in the financial year ended 31 December 2021G mainly as a result of increased spending on the new cloud system for the required upgrades of the existing applications and the increase in IT related projects during the period.

Licenses and subscriptions decreased by 42.3 per cent. from SAR 3.9 million in the financial year ended 31 December 2021G to SAR 2.3 million in the financial year ended 31 December 2022G as a result of licences and subscription expenses returning to normal levels in the financial year ended 31 December 2022G.

Licenses and subscriptions decreased by 23.3 per cent. from SAR 2.3 million in the nine-month period ended 30 September 2022G to SAR 1.8 million in the nine-month period ended 30 September 2023G due to comparatively lower expenses incurred by the Company in the nine-month period ended 30 September 2023G due to a lower number of IT related projects in this period.

6.7.7.5 Depreciation of Right-of-Use-Assets

Depreciation of right-of-use assets primarily related to the head office rent, and offshore offices in India and Jordan.

Depreciation remained stable at SAR 3.0 million in the financial year ended 31 December 2020G and in the financial year ended 31 December 2021G.

Depreciation decreased by 47.3 per cent. from SAR 3.0 million in the financial year ended 31 December 2021G to SAR 1.6 million in the financial year ended 31 December 2022G mainly due to the reclassification of SAR 0.6 million to leases.

Depreciation remained stable, averaging SAR 1.2 million over the nine-month period ended 30 September 2022G and the nine-month period ended 30 September 2023G.

6.7.7.6 Professional Fees and Consultations

Professional fees and consultations mainly related to consultancy expenses, HR organisational project fees, audit fees, zakat, VAT fees and legal fees.

Professional fees and consultations increased by 43.4 per cent. from SAR 3.9 million in the financial year ended 31 December 2020G to SAR 5.5 million in the financial year ended 31 December 2021G primarily due to consultancy expenses as well as expenses related to a HR organisational development project. The remaining increase in fees was mainly related to recurring fees such as zakat and VAT assessments, audit, and legal consultancy fees.

Professional fees and consultations decreased by 71.4 per cent. from SAR 5.5 million in the financial year ended 31 December 2021G to SAR 1.6 million in the financial year ended 31 December 2022G as a result of not incurring consultancy and HR related fees in the financial year ended 31 December 2022G.

Professional fees and consultations increased by 47.9 per cent. from SAR 1.3 million in the nine-month period ended 30 September 2022G to SAR 1.9 million the nine-month period ended 30 September 2023G primarily due to the increase in consultancy fees the nine-month period ended 30 September 2023G.

6.7.7.7 Communications

Communication expenses were mainly related to the costs incurred in relation to the Company's Enterprise Resource Planning (ERP) system (Dynamics 365 ERP), office telecommunication costs, and internet.

Communication costs increased by 76.8 per cent. from SAR 0.7 million in the financial year ended 31 December 2020G to SAR 1.3 million in the financial year ended 31 December 2021G driven by access granted to more employees to the ERP system during the year, coupled with the return of employees to working from the office as opposed to working from home in the financial year ended 31 December 2020G.

Communication expenses remained stable at SAR 1.3 million over the financial year ended 31 December 2021G and the financial year ended 31 December 2022G.

Communication expenses increased by 26.4 per cent. from SAR 1.0 million in the nine-month period ended 30 September 2022G to SAR 1.3 million in the nine-month period ended 30 September 2023G driven by additional fees incurred as more employees received access to the ERP cloud system.

6.7.7.8 Leases

Leases were mainly related to office rent for de-centralised support services provided to the Company.

Leases increased from SAR 0.1 million in the financial year ended 31 December 2021G to SAR 0.7 million in the financial year ended 31 December 2022G as these were previously recorded within depreciation of right-of-use and were classified to this account as they represented short term leases and were not considered part of depreciation on right of use.

Leases remained stable, averaging SAR 0.3 million over the nine-month period ended 30 September 2022G and the nine-month period ended 30 September 2023G.

6.7.7.9 Utilities

Utilities costs mainly comprised costs related to head office water and electricity bills.

Utilities increased by 95.6 per cent. from SAR 0.2 million in the financial year ended 31 December 2020G to SAR 0.3 million in the financial year ended 31 December 2021G as a result of a Government increase in water and electricity prices.

Utilities increased further by 37.3 per cent. from SAR 0.3 million in the financial year ended 31 December 2021G to SAR 0.4 million in the financial year ended 31 December 2022G driven by the reclassification of SAR 0.1 million of utility costs from utilities in cost of revenue to utilities in general and administrative expenses in the financial year ended 31 December 2022G.

Utilities decreased by 66.3 per cent. from SAR 0.4 million in the nine-month period ended 30 September 2022G to SAR 0.1 million in the nine-month period ended 30 September 2023G due to delay in receipt of utility bills.

6.7.7.10 Stationery

Stationery expenses mainly comprised office supplies, paperwork, and miscellaneous office equipment.

Stationery expenses decreased by 27.1 per cent. from SAR 0.4 million in the financial year ended 31 December 2020G to SAR 0.3 million in the financial year ended 31 December 2021G primarily due to the implementation of the new ERP system, Dynamics 365 ERP.

Stationery decreased further by 71.4 per cent. from SAR 0.3 million in the financial year ended 31 December 2021G to SAR 0.1 million in the financial year ended 31 December 2022G due to the full period effect of using the new ERP system.

Stationery expenses remained stable, averaging SAR 0.06 million over the nine-month period ended 30 September 2022G and the nine-month period ended 30 September 2023G.

6.7.7.11 IT Service Charges

IT service charges were related to IT services provided by Romoz Development for Communications and Information Technology Company. The charge of SAR 2.8 million in the financial year ended 31 December 2021G represented the cost of the IT services provided by Romoz Development for Communications and Information Technology Company to the Company, whilst it was part of the Al Holoul Al Mutakamela Holding Company. In the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G, IT service charges related to Romoz Development for Communications and Information Technology Company were classified under cost of revenue.

6.7.7.12 Other

Others mainly comprised Board of Directors fees, guards, security expenses, bank fees and commissions.

Others decreased by 21.2 per cent. from SAR 6.4 million in the financial year ended 31 December 2020G to SAR 5.1 million in the financial year ended 31 December 2021G mainly due to the decrease in Board of Directors fees by SAR 1.0 million.

Others decreased further by 18.6 per cent. from SAR 5.1 million in the financial year ended 31 December 2021G to SAR 4.1 million in the financial year ended 31 December 2022G as the Board of Directors' were restructured in financial year ended 31 December 2022G.

Others increased by 114.4 per cent. from SAR 3.0 million in the nine-month period ended 30 September 2022G to SAR 6.4 million in the nine-month period ended 30 September 2023G as payments resumed to the members of the Board of Directors (an increase of SAR 2.9 million and expenses of SAR 1.1 million were incurred due to the winding up of the head office of the Subsidiary in India.

6.7.8 Marketing Expenses in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

The following table shows the marketing expenses in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month periods ended 30 September 2022G and 30 September 2023G:

Table 6.25: Marketing Expenses in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR	Nine-Month Periods Ended 30 September		Variance for the Period 30 September
	2020G Audited	2021G Audited	2022G Audited	2020G-2021G	2021G-2022G	2020G-2022G	2022G Management Information	2023G Management Information	2022G –2023G
Marketing and advertising	10,259	10,495	12,430	2.3%	18.4%	10.1%	9,611	5,402	(43.8%)
Salaries, other benefits	23,222	8,009	6,604	(65.5%)	(17.5%)	(46.7%)	4,761	6,378	34.0%
Bank charges	3,566	6,074	5,598	70.3%	(7.8%)	25.3%	38	19	(50.0%)
Loyalty points	-	2,025	4,516	-	123.0%	-	-	-	-
Incentives and commissions	2,432	4,290	1,534	76.4%	(64.2%)	(20.6%)	1,151	1,201	4.3%
Maintenance and cleaning	2,465	2,347	1,054	(4.8%)	(55.1%)	(34.6%)	686	218	(68.2%)
Depreciation of Right-of-Use-Assets	2,051	1,758	923	(14.3%)	(47.5%)	(32.9%)	700	596	(14.9%)
Depreciation	454	474	341	4.3%	(28.1%)	(13.3%)	270	162	(40.0%)
Utilities	1,300	354	47	(72.8%)	(86.7%)	(81.0%)	26	93	252.7%
Communications	350	140	28	(60.1%)	(80.3%)	(71.7%)	1,570	347	(77.9%)
Customer services charges	-	11,204	-	-	(100.0%)	-	-	-	-
Other	869	1,265	234	45.5%	(81.5%)	(48.1%)	1,350	854	(36.7%)
Total	**46,969**	**48,432**	**33,309**	**3.1%**	**(31.2%)**	**(15.8%)**	**20,163**	**15,271**	**(24.3%)**
Marketing expenses as a % of revenue									
Marketing and advertising	0.6%	0.6%	0.7%	0.0	0.1	0.1	0.7%	0.4%	(0.3)
Salaries, other benefits	1.3%	0.5%	0.4%	(0.8)	(0.1)	(0.9)	0.3%	0.5%	0.2
Total	**2.6%**	**2.8%**	**1.8%**	**0.2**	**(1.0)**	**(0.8)**	**1.5%**	**1.1%**	**(0.4)**
Average number of staff	212	49	52	(163)	3	(160)	61	69	8
Average salary per staff	9,128	13,620	10,584	4,492	(3,036)	1,456	6,504	7,703	1,199
Number of stores	21	10	8	(11)	(2)	(13)	8	8	-

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and management information for the nine-month period ended 30 September 2023G.

6.7.8.1 Marketing and Advertising

Marketing and advertising expenses primarily related activities related to the Raha Segment and averaged SAR 10.4 million over the 2020G and 2021G years.

Marketing and advertising expenses increased by 18.4 per cent. from SAR 10.5 million in the financial year ended 31 December 2021G to SAR 12.4 million in the financial year ended 31 December 2022G primarily due to increased spending on marketing of the Raha Segment through social media and digital campaigns, along with the rebranding of the Raha Segment.

Marketing and advertising expenses decreased by 43.8 per cent. from SAR 9.6 million in the nine-month period ended 30 September 2022G to SAR 5.4 million in the nine-month period ended 30 September 2023G as the Company revised its marketing directions and methods under the new marketing management.

6.7.8.2 Salaries and Other Benefits

Salaries and other benefits mainly related to the salaries and wages of stores sales staff, and marketing and customer service department staff.

Salaries and other benefits decreased by 65.5 per cent. from SAR 23.2 million in the financial year ended 31 December 2020G to SAR 8.0 million in the financial year ended 31 December 2021G primarily due to the Group's cost cutting initiative and closure of 11 stores as the Company shifted its focus to the online platform and telesales. This was coupled with the carving out of Terhab Customer Experience Company and its respective employees on 1st January 2021 to the Al Holoul Al Mutakamela Holding Company. This resulted in the drop in headcount from 212 in the financial year ended 31 December 2020G to 49 in the financial year ended 31 December 2021G.

Salaries and other benefits decreased further by 17.5 per cent. from SAR 8.0 million in the financial year ended 31 December 2021G to SAR 6.6 million in the financial year ended 31 December 2022G primarily due to the closure of 2 stores as a result of the continued efforts to focus on the online platform.

Salaries and other benefits increased by 34.0 per cent. from SAR 4.8 million in the nine-month period ended 30 September 2022G to SAR 6.4 million in the nine-month period ended 30 September 2023G mainly due to establishing new telesales and business development teams within the marketing department.

6.7.8.3 Bank Charges

Bank charges mainly represent the costs related to the mobile application sales channel payments and salary transfer costs.

Bank charges increased 70.3 per cent. from SAR 3.6 million in the financial year ended 31 December 2020G to SAR 6.1 million in the financial year ended 31 December 2021G mainly driven by the increase in the use of the mobile sales channel in relation to Raha Hourly. This was also coupled with the full year impact of the bank charges in the financial year ended 31 December 2021G as compared to the bank charges in the financial year ended 31 December 2020G which were for the six-month period only due to the Government providing companies with a one-time support during the COVID-19 pandemic.

Bank charges subsequently decreased by 7.8 per cent. from SAR 6.1 million in the financial year ended 31 December 2021G to SAR 5.6 million in the financial year ended 31 December 2022G primarily due to the decrease in Raha Hourly revenue over the same period.

Bank charges amounted to SAR 0.04 million in the nine-month period ended 30 September 2022G and SAR 0.02 million in the nine-month period ended 30 September 2023G due to the reclassification of these bank charges to cost of revenues.

6.7.8.4 Loyalty Points

Loyalty points were related to the Raha Hourly points system that was introduced in Q4-2021G to reward customers for every purchase of a Raha package.

Loyalty points increased from SAR 2.0 million in the financial year ended 31 December 2021G to SAR 4.5 million in the financial year ended 31 December 2022G primarily due to the full period effect of the introduction of the loyalty program.

Loyalty points amounted to nil in the nine-month period ended 30 September 2022G and the nine-month period ended 30 September 2023G due to the reclassification of costs related to the loyalty program to cost of revenues.

6.7.8.5 Incentives and Commissions

Incentives and commissions were based on sales secured by different departments within the Company, collections of receivables by the credit team, and overall KPI based incentives related to the Company's performance.

Incentives and commissions increased by 76.4 per cent. from SAR 2.4 million in the financial year ended 31 December 2020G to SAR 4.3 million in the financial year ended 31 December 2021G mainly as a result of the Company meeting its target KPI's in relation to sales during the year.

Incentives and commissions subsequently decreased by 64.2 per cent. from SAR 4.3 million in the financial year ended 31 December 2021G to SAR 1.5 million in the financial year ended 31 December 2022G as the Company restructured its incentives and commissions scheme.

Incentives and commissions remained relatively stable, averaging SAR 1.2 million over the nine-month period ended 30 September 2022G and 2023G.

6.7.8.6 Maintenance and Cleaning

Maintenance and cleaning costs recognised within marketing expenses related to the activities performed at the stores.

Maintenance and cleaning decreased by 4.8 per cent. from SAR 2.5 million in the financial year ended 31 December 2020G to SAR 2.3 million in the financial year ended 31 December 2021G due to the closure of 11 stores in 2021G as a result of the Company's efforts to focus on the online platform.

Maintenance and cleaning decreased by 55.1 per cent. from SAR 2.3 million in the financial year ended 31 December 2021G to SAR 1.1 million in the financial year ended 31 December 2022G due to the further closure of 2 stores in 2022G as a result of the continued efforts to focus on the online platform.

Maintenance and cleaning decreased by 68.1 per cent. from SAR 0.7 million in the nine-month period ended 30 September 2022G to SAR 0.2 million in the nine-month period ended 30 September 2023G due to fewer expansions and maintenance costs incurred as compared to the prior period.

6.7.8.7 Depreciation of Right-of-Use-Assets

Depreciation was mainly related to the leases of sales branches of the Company.

The decrease in depreciation by 14.3 per cent. from SAR 2.1 million in the financial year ended 31 December 2020G to SAR 1.8 million and further to SAR 1.0 million in the financial year ended 31 December 2022G was due to the full period effect of the closure of 11 stores in 2021G, coupled with the additional 2 stores closed in 2022G, as a result of the Company's efforts to focus on the online platform.

Depreciation decreased by 14.9 per cent. from SAR 0.7 million in the nine-month period ended 30 September 2022G to SAR 0.6 million in the nine-month period ended 30 September 2023G due to the renewal of store rental contracts at lower rates in the nine-month period ended 30 September 2023G.

6.7.8.8 Depreciation

Depreciation was related to the assets in the sales and marketing departments.

Depreciation remained stable, averaging SAR 0.5 million over the 2020G and 2021G years.

Depreciation decreased by 28.1 per cent. from SAR 0.5 million in the financial year ended 31 December 2021G to SAR 0.3 million in the financial year ended 31 December 2022G primarily due to several assets being fully depreciated in the financial year ended 31 December 2022G, coupled with the closure of stores in 2021G and 2022G.

Depreciation decreased by 40.0 per cent. from SAR 0.3 million in the nine-month period ended 30 September 2022G to 0.2 million in the nine-month period ended 30 September 2023G due to the closure of 2 stores in the nine-month period ended 30 September 2022G.

6.7.8.9 Utilities

Utilities related to the stores water and electricity bills, as well as cleaning detergents and supplies related to the stores.

Utilities expenses decreased by 72.8 per cent. from SAR 1.3 million in the financial year ended 31 December 2020G to SAR 0.4 million in the financial year ended 31 December 2021G, following the closure of 11 stores in 2021G as a result of the Company's efforts to focus on the online platform.

Utilities decreased further by 86.7 per cent. from SAR 0.4 million in the financial year ended 31 December 2021G to 0.05 million in the financial year ended 31 December 2022G due to the closure of 2 stores in addition to the full period effect of the closure of 11 stores in 2022G as a result of the continued efforts to focus on the online platform.

Utilities increased by 252.7 per cent. from SAR 0.03 million in the nine-month period ended 30 September 2022G to SAR 0.1 million in the nine-month period ended 30 September 2023G due to the increase in water and electricity rates in the nine-month period ended 30 September 2023G.

6.7.8.10 Communications

Communications were related to internet usage and ERP system costs incurred at the stores.

Communication expenses decreased by 60.1 per cent. from SAR 0.4 million in the financial year ended 31 December 2020G to SAR 0.1 million in the financial year ended 31 December 2021G following the closure of 11 stores in 2021G as a result of the Company's efforts to focus on the online platform.

The further decrease in communication expenses by 80.3 per cent. from SAR 0.1 million in the financial year ended 31 December 2021G to SAR 0.03 million in the financial year ended 31 December 2022G was due to the closure of 2 stores in addition to the full period effect of the closure of 11 stores in 2022G as a result of the continued efforts to focus on the online platform.

Communications decreased by 77.9 per cent. from SAR 1.6 million in the nine-month period ended 30 September 2022G to SAR 0.3 million in the nine-month period ended 30 September 2023G mainly due to the reclassification of SAR 1.0 million in the nine-month period ended 30 September 2022G from cost of revenues to marketing expenses.

6.7.8.11 Customer Services Charges

Customer service charges were related to customer service support provided by Terhab Customer Experience Company, which was a Subsidiary of the Company in in the financial year ended 31 December 2020G and 2022G. In the financial year ended 31 December 2021G, Terhab Customer Experience Company was transferred out to the Al Holoul Al Mutakamela Holding Company as part of Company re-organisation. Terhab Customer Experience Company continued to provide customer service support to the Company with costs amounting to SAR 11.2 million. In August 2022G, Terhab Customer Experience Company returned under the ownership of the Company.

6.7.8.12 Other

Others mainly comprised miscellaneous costs.

Others increased by 45.5 per cent. from SAR 0.9 million in the financial year ended 31 December 2020G to SAR 1.3 million in the financial year ended 31 December 2021G mainly due to the costs in relation to the Raha Al Khair campaign.

Others decreased by 81.5 per cent. from SAR 1.3 million in the financial year ended 31 December 2021G to SAR 0.2 million in the financial year ended 31 December 2022G primarily due to the decrease in costs as a result of the closure of stores as the Company continue to focus its efforts on the transformation to its online platform.

Others decreased by 36.7 per cent. from SAR 1.4 million in the nine-month period ended 30 September 2022G to SAR 0.9 million in the nine-month period ended 30 September 2023G due to lower miscellaneous costs incurred during the period.

6.7.9 Finance Cost on Employees' Defined Benefits Obligation and Leases in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

The following table shows the finance cost on employees' benefits obligations and leases in the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month periods ended 30 September 2022G and 30 September 2023G:

Table 6.26: Cost of Financing Employees' Benefits Obligations and Leases in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR	Nine-Month Periods Ended 30 September		Variance for the Period 30 September
	2020G Audited	2021G Audited	2022G Audited	2020G-2021G	2021G-2022G	2020G-2022G	2022G Reviewed	2023G Reviewed	2022G –2023G
Interest cost of employees' benefits obligation	1,113	1,277	1,188	14.7%	(7.0%)	3.3%	-	-	-
Interest cost of lease obligation	1,369	1,109	1,139	(19.0%)	2.7%	(8.8%)	850	1,171	37.8%
Total	**2,482**	**2,386**	**2,326**	**(3.9%)**	**(2.5%)**	**(3.2%)**	**850**	**1,171**	**37.8%**
As a % of revenue									

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR	Nine-Month Periods Ended 30 September		Variance for the Period 30 September
	2020G Audited	2021G Audited	2022G Audited	2020G-2021G	2021G-2022G	2020G-2022G	2022G Reviewed	2023G Reviewed	2022G –2023G
Interest cost of employees' benefits obligation	0.1%	0.1%	0.1%	0.0	0.0	0.0	0.0%	0.0%	0.0
Interest cost of lease obligation	0.1%	0.1%	0.1%	0.0	0.0	0.0	0.1%	0.1%	0.0
Total	**0.1%**	**0.1%**	**0.1%**	**0.0**	**0.0**	**0.0**	**0.1%**	**0.1%**	**0.0**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Finance Cost represents the costs relating to employees' defined benefit obligations and lease liabilities for the rent of branches, head offices and distribution centres.

Finance costs decreased by 3.9 per cent. from SAR 2.5 million in the financial year ended 31 December 2020G to SAR 2.4 million in the financial year ended 31 December 2021G mainly due to the decrease in interest cost of lease obligation by SAR 0.3 million as a result of the reduction in number of operational stores in the financial year ended 31 December 2021G, partially offset by the increase in interest cost of employees' defined benefits obligation by SAR 0.2 million due to the accumulated balance of existing employees.

Finance costs remained relatively stable over the financial year ended 31 December 2021G and 2022G, averaging SAR 2.3 million, due to the decrease in interests cost of employees defined benefits obligation by SAR 0.1 million which was partly offset by the increase in interest cost of lease obligation by SAR 0.03 million.

Finance costs increased by 37.8 per cent. from SAR 0.9 million in the nine-month period ended 30 September 2022G to SAR 1.2 million in the nine-month period ended 30 September 2023G driven by the renewal of distribution centre contracts at higher rental rates.

6.7.10 Other Income in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

The following table shows the other income in the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month periods ended 30 September 2022G and 30 September 2023G:

Table 6.27: Other Income in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Periods ended 30 September 2022G and 30 September 2023G

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR	Nine-Month Periods Ended 30 September		Variance for the Period 30 September
	2020G Audited	2021G Audited	2022G Audited	2020G-2021G	2021G-2022G	2020G-2022G	2022G Management Information	2023G Management Information	2022G –2023G
Gain on sale of property and equipment	(1,328)	6,878	5,378	(617.9%)	(21.8%)	-	5,088	1,301	(74.4%)
Human resources development fund	440	370	2,125	(15.8%)	473.7%	119.8%	-	-	-
IFRS 16 contracts adjustments effect	-	-	1,953	-	-	-	-	-	-
Islamic Murabaha revenues	1,268	1,020	1,388	(19.6%)	36.1%	4.6%	466	10,776	2212.4%
Shared services revenues	-	-	1,193	-	-	-	591	1,472	149.1%
Gain from revaluation of assets investment at fair value through profit or loss	(17)	70	601	(511.8%)	758.6%	-	543	617	13.6%
Cash distribution – assets investment at fair value through profit or loss	54	97	-	79.6%	(100.0%)	(100.0%)	-	-	-
Other	116	(9)	372	(107.8%)	(4,233.3%)	79.1%	374	(197)	156.7%

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR	Nine-Month Periods Ended 30 September		Variance for the Period 30 September
	2020G Audited	2021G Audited	2022G Audited	2020G-2021G	2021G-2022G	2020G-2022G	2022G Management Information	2023G Management Information	2022G –2023G
Total	**533**	**8,426**	**13,010**	**1,480.9%**	**54.4%**	**394.1%**	**7,036**	**13,968**	**98.5%**
As a % of revenue									
Gain on sale of property and equipment	(0.1%)	0.4%	0.3%	0.5	(0.1)	0.4	0.4%	0.1%	(0.3)
Human resources development fund	0.0%	0.0%	0.1%	0.0	0.1	0.1	0.0%	0.0%	0.0
Total	**0.0%**	**0.5%**	**0.7%**	**0.5**	**0.2**	**0.7**	**0.5%**	**1.0%**	**0.5**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and management information for the nine-month period ended 30 September 2023G.

6.7.10.1 Gain on Sale of Property and Equipment

Losses on sale of property and equipment in the financial year ended 31 December 2020G amounting to SAR 1.3 million related primarily to losses on sale of furniture and fixtures, as well as buses from the Raha fleet.

Gains on sale of property and equipment then increased by SAR 8.2 million to SAR 6.9 million in the financial year ended 31 December 2021G, and mainly represented the sale of buses in order to improve efficiency and fleet utilisation.

Gain on sale of property and equipment amounted decreased to SAR 5.4 million in the financial year ended 31 December 2022G and comprised primarily the sale of a plot of land.

Gains on sale of property and equipment decreased from SAR 5.1 million in the nine-month period ended 30 September 2022G to SAR 1.3 million in the nine-month period ended 30 September 2023G. The gain on sale in the nine-month period ended 30 September 2022G is driven by one-off sale of land. The gain on sale in the nine-month period ended 30 September 2023G of SAR 1.3 million mainly comprised the sale of buses.

6.7.10.2 Human Resources Development Fund

This represented the partial settlement of salaries received from the Human Resources Development Fund, a Government entity, as form of monetary support for hiring Saudi nationals.

Income decreased by 15.8 per cent. from SAR 0.5 million in the financial year ended 31 December 2020G to SAR 0.4 million in the financial year ended 31 December 2021G primarily due to fewer collections made in the financial year ended 31 December 2021G.

Income then increased by 473.7 per cent. to SAR 2.1 million in the financial year ended 31 December 2022G mainly driven by hiring more Saudi nationals, coupled with claims received relating to prior periods.

Income amounted to nil in the nine-month period ended 30 September 2022G and in the nine-month period ended 30 September 2023G as these were netted off against the salaries recorded within (G&A).

6.7.10.3 IFRS 16 Contracts Adjustments Effect

IFRS 16 contracts adjustments effect was related to the overstatement of depreciation on right-of-use recorded in the financial year ended 31 December 2020G and the financial year ended 31 December 2021G. This was a result of discounts granted on rental properties during the COVID-19 period in the financial year ended 31 December 2020G and which were not factored into the right-of-use calculation.

6.7.10.4 Islamic Murabaha Revenues

These related to income from Murabaha investments.

Islamic Murabaha revenues decreased by 19.6 per cent. from SAR 1.3 million in the financial year ended 31 December 2020G to SAR 1.0 million in the financial year ended 31 December 2021G mainly due to a decrease in Murabaha investments from SAR 185 million as of 31 December 2020G to SAR 90 million at as of 31 December 2021G.

Islamic Murabaha revenues then increased by 36.1 per cent. to SAR 1.4 million in the financial year ended 31 December 2022G primarily driven by the increase in Murabaha investments to SAR 130 million as of 31 December 2022G.

Islamic Murabaha revenues increased by 2,212.4 per cent. from SAR 0.5 million in the nine-month period ended 30 September 2022G to SAR 10.8 million in the nine-month period ended 30 September 2023G, mainly driven by the increase in Murabaha investments to SAR 285.0 million as of 30 September 2023G. This was coupled with the increase in market interest deposit rates over the same period.

6.7.10.5 Shared Services Revenues

Shared services revenues related to HR and IT services provided to Subsidiaries of the Al Holoul Al Mutakamela Holding Company. These were previously provided during the financial year ended 31 December 2020G and the financial year ended 31 December 2021G at no charge.

Shared services increase from SAR 0.6 million in the nine-month period ended 30 September 2022G to SAR 1.5 million in the nine-month period ended 30 September 2023G as the Company started charging for shared services from the second half of 2022G.

6.7.10.6 Gain from Revaluation of Assets Investment at Fair Value Through Profit or Loss

Gain from revaluation of assets were related to investments in the shares of Saudi Aramco, Arabian Drilling, Jamjoom and Lumi on the Tadawul stock exchange. The increase from SAR (0.02) million in the financial year ended 31 December 2020G to SAR 0.1 million in the financial year ended 31 December 2021G was due to the increase in market value of their investments.

The further increase to SAR 0.6 million in the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G, was primarily driven by the increase in market value of their investments.

6.7.10.7 Cash Distribution – Assets Investment at Fair Value Through Profit or Loss

These relate to dividends received from the investment in Saudi Aramco shares on the Tadawul stock exchange.

Cash distributions decreased from SAR 0.05 million and SAR 0.1 million in the financial year ended 31 December 2020G and 2021G, respectively, to nil in the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G, as the Group sold all its Saudi Aramco shares in the financial year ended 31 December 2022G.

6.7.10.8 Other

Others mainly comprised losses from rent adjustments and forex differences.

Others decreased by 107.7 per cent. from SAR 0.1 million in the financial year ended 31 December 2020G to SAR (0.01) million in the financial year ended 31 December 2021G mainly due to the increase in forex losses by SAR 0.3 million. This was partly offset by rental income of SAR 0.2 million.

Others increased to SAR 0.4 million in the financial year ended 31 December 2022G primarily due to income from Romoz Development Company for Communications and Information Technology Company amounting to SAR 0.7 million, which was partly offset by the increase in forex losses by SAR 0.2 million.

Others decreased by 156.7 per cent. from SAR 0.4 million in the nine-month period ended 30 September 2022G to SAR (0.2) million in the nine-month period ended 30 September 2023G, mainly due to the decrease in income from Romoz Development Company for Communications and Information Technology Company from SAR 0.6 million in the nine-month period ended 30 September 2022G to nil in the nine-month period ended 30 September 2023G as Romoz Development Company for Communications and Information Technology Company was transferred under the ownership of the Company. Forex losses amounted to SAR 0.4 million in the nine-month period ended 30 September 2022G and SAR 0.3 million in the nine-month period ended 30 September 2023G.

6.7.11 Other Comprehensive Income in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

The following table shows the other comprehensive income in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month periods ended 30 September 2022G and 30 September 2023G:

Table 6.28: Other Comprehensive Income in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Periods Ended 30 September 2022G and 30 September 2023G

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR	Nine-Month Periods Ended 30 September		Variance for the Period 30 September
	2020G Audited	2021G Audited	2022G Audited	2020G-2021G	2021G-2022G	2020G-2022G	2022G Reviewed	2023G Reviewed	2022G –2023G
Remeasurement on employees' defined benefits obligations	(1,173)	63	902	(105.4%)	1,322.4%	-	-	-	-
Total comprehensive income of the year/period	**136,864**	**150,518**	**151,151**	**10.0%**	**0.4%**	**5.1%**	**109,871**	**121,827**	**10.9%**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

The remeasurement on employees' defined benefit obligations resulted in a loss of SAR 1.2 million in the financial year ended 31 December 2020G, and a gain of SAR 0.1 million and SAR 1.0 million in the financial year ended 31 December 2021G and 2022G, respectively. 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.

6.8 Statement of Financial Position

The following table shows the consolidated statement of financial position of the Group as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.29: Consolidated Statement of Financial Position of the Group as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Assets				
Current assets				
Cash and cash equivalents	55,439	107,684	116,160	44,117
Time Murabaha deposits – current portion	185,000	90,000	130,000	285,000
Investments at fair value through profit or loss	2,421	2,565	517	1,747
Trade receivables	244,210	230,042	228,602	292,980
Inventory	2,300	-	-	-
Prepayments and other debit balances	246,922	266,139	234,453	175,527
Due from Related Parties	-	24,072	16,893	18,942
Visas in use – current portion	5,401	17,808	21,055	14,546
Available visas	27,808	27,776	35,561	37,227
Total current assets	**769,500**	**766,086**	**783,241**	**870,087**
Non-current assets				
Time Murabaha deposits – non-Current	10,000	10,000	10,000	10,000

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Visas in use – non-current	11,822	8,637	5,864	5,588
Right-of-use assets	34,679	40,185	30,730	25,647
Investment property	26,906	-	-	-
Projects under progress	44,340	15,014	34,595	39,865
Property and equipment	226,303	151,850	141,655	138,172
Advance payments for long-term investments	-	-	3,150	6,900
Total non-current assets	**354,049**	**225,685**	**225,995**	**226,173**
Total assets	**1,123,549**	**991,771**	**1,009,236**	**1,096,259**
Liabilities and equity				
Liabilities				
Current liabilities				
Retained deposits – Current portion	45,557	49,248	53,111	46,244
Unearned revenues	91,744	72,280	77,288	51,231
Trade payables	27,509	8,060	10,831	24,337
Accrued expenses and other credit balances	183,251	166,988	162,207	188,002
Due to Related Parties	-	27,766	924	968
Lease liabilities – current portion	11,827	12,892	8,714	4,666
Zakat provision	11,824	9,103	9,561	8,356
Total current liabilities	**371,712**	**346,339**	**322,635**	**323,805**
Non-current liabilities				
Retained deposits – non-current portion	64,409	60,151	55,157	59,119
Employees' defined benefit obligation	72,732	75,805	85,317	96,031
Lease liabilities	16,717	23,690	17,848	17,198
Total non-current liabilities	153,857	159,646	158,321	172,347
Total liabilities	**525,569**	**505,985**	**480,956**	**496,153**
Equity				
Share capital	400,000	400,000	400,000	400,000
Statutory reserve	62,084	77,129	92,154	92,154
Retained earnings	135,896	8,657	36,126	107,953
Total equity	**597,980**	**485,786**	**528,280**	**600,107**
Total equity and liabilities	**1,123,549**	**991,771**	**1,009,236**	**1,096,259**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

6.8.1 Current Assets

The following table shows the current assets as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.30: Current Assets as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Cash and cash equivalents	55,439	107,684	116,160	44,117
Time Murabaha deposits – current portion	185,000	90,000	130,000	285,000
Investments at fair value through profit or loss	2,421	2,565	517	1,747
Trade receivables	244,210	230,042	228,602	292,980
Inventory	2,300	-	-	-
Prepayments and other debit balances	246,922	266,139	234,453	175,527
Due from Related Parties	-	24,072	16,893	18,942
Visas in use – current portion	5,401	17,808	21,055	14,546
Available visas	27,808	27,776	35,561	37,227
Total current assets	**769,500**	**766,086**	**783,241**	**870,087**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Current assets included cash and cash equivalents, time deposits, investments at fair value through the profit and loss, trade receivables, inventory, prepayments and other debit balances, due from related parties, visas in use and available visas.

Current assets decreased from SAR 769.5 million as of 31 December 2020G to SAR 766.1 million as of 31 December 2021G, mainly due to:

- a decrease in time Murabaha deposits – current portion from SAR 185.0 million as of 31 December 2020G to SAR 90.0 million as of 31 December 2021G;
- a decrease in trade receivables, from SAR 244.2 million as of 31 December 2020G to SAR 230.0 million as of 31 December 2021G, partly offset by; and
- an increase in cash and cash equivalents, from SAR 55.4 million as of 31 December 2020G to SAR 107.7 million as of 31 December 2021G, and due from related parties from nil as of 31 December 2020G to SAR 24.1 million as of 31 December 2021G.

Further detail related to each movement in the section below.

Current assets increased by SAR 17.2 million to SAR 783.2 million as of 31 December 2022G, mainly due to:

- an increase in time Murabaha deposits – current portion from SAR 90.0 million as of 31 December 2021G to SAR 130.0 million as of 31 December 2022G;
- an increase in cash and cash equivalents, from SAR 107.7 million as of 31 December 2021G to SAR 116.2 million as of 31 December 2022G, partly offset by; and
- a decrease in prepayments and other debit balances, from SAR 266.1 million as of 31 December 2021G to SAR 234.5 million as of 31 December 2022G.

Further detail related to each movement in the section below.

Current assets increased by SAR 86.8 million to SAR 870.1 million as of 30 September 2023G, mainly due to:

- an increase in time Murabaha deposits – current portion from SAR 130.0 million as of 31 December 2022G to SAR 285.0 million as of 30 September 2023G;
- an increase in trade receivables, from SAR 228.6 million as of 31 December 2022G to SAR 293.0 million as of 30 September 2023G, partly offset by; and
- a decrease in cash and cash equivalents, from SAR 116.2 million as of 31 December 2022G to SAR 44.1 million as of 30 September 2023G, and prepayments and other debit balances from SAR 234.5 million as of 31 December 2022G to SAR 175.5 million as of 30 September 2023G.

6.8.1.1 Cash and Cash Equivalents

The following table shows the cash and cash equivalents as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.31: Cash and Cash Equivalents as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Management information
Cash at banks	54,678	106,522	115,335	43,101
Petty cash	761	1,162	825	1,016
Total	**55,439**	**107,684**	**116,160**	**44,117**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and management information for the nine-month period ended 30 September 2023G.

Cash and cash equivalents consist of cash at banks and petty cash.

Cash and cash equivalents increased from SAR 55.4 million as of 31 December 2020G to SAR 107.7 million as of 31 December 2021G, mainly driven by:

- cash flows generated from operating activities (SAR 122.5 million), driven by the profit for the year (SAR 150.5 million) partially offset by employees' defined benefit obligation paid of SAR 24.0 million;
- cash flows generated from investing activities (SAR 94.0 million), driven by the decrease in time Murabaha deposits by SAR 95.0 million, which was partly offset by; and
- cash flows used in financing activities (SAR 164.2 million), due to dividends paid to shareholders amounting to SAR 150.2 million and lease liabilities payments of SAR 14.0 million.

Cash and cash equivalents increased further to SAR 116.2 million as of 31 December 2022G, as a result of:

- cash flows generated from operating activities (SAR 195.2 million), mainly driven by the profit for the year (SAR 150.2 million), which was partly offset by; and
- cash flows used in investing activities (SAR 63.3 million), mainly driven by the increase in time Murabaha deposits by SAR 40.0 million and additions to projects under progress by SAR 19.8 million, and cash flows used in financing activities (SAR of 123.4 million), due to dividends paid to shareholders amounting to SAR 108.7million and lease liabilities payments of SAR 14.7 million.

Cash and cash equivalents decreased from SAR 116.2 million as of 31 December 2022G to SAR 44.1 million as of 30 September 2023G, mainly driven by:

- cash flows used in investing activities (SAR 161.4 million), mainly driven by the increase in time Murabaha deposits by SAR 155.0 million and purchase of property and equipment of SAR 12.9 million;
- cash flows used in financing activities (SAR 60.6 million), due to dividends paid to shareholders amounting to SAR 50.0 million and lease liabilities payments of SAR 10.6 million, which was partly offset by; and
- cash flows generated from operating activities (SAR 149.9 million), mainly driven by the profit for the period (SAR 132.8 million).

6.8.1.2 Time Murabaha Deposits - Current Portion

The following table shows the Time Murabaha deposits as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.32: Time Murabaha Deposits as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Time Murabaha deposits – current	185,000	90,000	130,000	285,000

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Time Murabaha deposits represent Islamic Murabaha with local commercial banks.

Time Murabaha deposits – current decreased from SAR 185 million as of 31 December 2020G to SAR 90 million as of 31 December 2021G, and then increased to SAR 130 million and SAR 285.0 million as of 31 December 2022G and 30 September 2023G, respectively. The decision to invest in time Murabaha deposits was due to availability of surplus cash and relatively high Murabaha rates.

6.8.1.3 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 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.33: Investments at Fair Value through Profit or Loss as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020g Management Information	2021g Management Information	2022g Management Information	2023g Management Information
Balance at the start of the year/period	2,438	2,421	2,565	517
Additions during the year	-	74	-	614
Disposals during the year	-	-	(2,649)	-
Change in fair value	(17)	70	601	617
Balance at the end of the year/period	**2,421**	**2,565**	**517**	**1,747**

Source: Management information.

Investments at fair value through profit or loss represented short-term investments in Saudi Arabian Oil Company (Aramco), Arabian Drilling Company, Jamjoom Pharmaceutical Factory Company, and Lumi Leasing Company, which are listed on Tadawul in the Kingdom of Saudi Arabia.

The balance fluctuated from SAR 2.4 million as of 31 December 2020G to SAR 2.6 million as of 31 December 2021G, and further to SAR 0.5 million as of 31 December 2022G and SAR 1.7 million as of 30 September 2023G, respectively driven by additions and disposals during the respective periods.

6.8.1.4 Trade Receivables

The following table shows the trade receivables as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.34: Trade Receivables as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Trade receivables	276,222	264,526	262,100	329,214
Less: Expected credit loss provision	(32,012)	(34,484)	(33,498)	(36,234)
Net trade receivables	**244,210**	**230,042**	**228,602**	**292,980**
Days sales outstanding	48	50	45	52

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

a- Trade Receivables

Trade receivables represent receivables from business and individual customers for manpower services for which performance obligations have been fulfilled and invoices have been issued.

Trade receivables mainly include receivables from:

- **Business Customers,** who usually settle payments upon receipt of invoices as per the contractual agreement, which are typically due within 5-90 days of the issuance of the relevant invoice; and
- **Raha Mouqeemah** customers having long-term contracts where payments are due within 30 days of the issuance of the relevant invoice.

Days sales outstanding amounted to 49 days on average during the period under review in line with the average credit terms with Business customers, who represented the largest portion of receivables.

Trade receivables decreased from SAR 244.2 million as of 31 December 2020G to SAR 230.0 million and SAR 228.6 million as of 31 December 2021G and 2022G, respectively, mainly driven by the decrease in Raha Mouqeemah receivables from SAR 36.1 million as of 31 December 2020G to SAR 10.0 million and SAR 9.4 million as of 31 December 2021G and 2022G, respectively. The decrease in Raha Mouqeemah receivables at December 2021G was in line with the decrease in Raha Mouqeemah revenue from SAR 306.5m in the financial year ended 31 December 2020G to SAR 260.0 million in the financial years ended 31 December 2021G, while the decrease at 31 December 2022G was primarily driven by the increased collections from customers during the year ended 31 December 2022G.

Trade receivables increased from SAR 228.6 million as of 31 December 2022G to SAR 293.0 million as of 30 September 2023G, mainly driven by the increase in revenue generated from certain key customers in the petrochemical and construction sectors in the nine-month period ended 30 September 2023G.

b- Expected Credit Loss Provision

The following table shows the movement in the expected credit loss provision as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.35: Movement in the Expected Credit Loss Provision as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Balance at the start of the year/period	30,890	32,012	34,484	33,498
Additions / (reversal) during the year	1,122	4,000	(985)	2,808
Write off	-	-	-	(72)
Transfer to the Al Holoul Al Mutakamela Holding Company	-	(1,528)	-	-
Balance at the end of the year/period	**32,012**	**34,484**	**33,498**	**36,234**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

The following table shows the ageing of outstanding trade receivables as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.36: Ageing of Trade Receivables as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	Neither past due nor impaired	0-60 days	61-120 days	121-150 days	151-360 days	361-720 days	More than 720 days	Total
30 September 2023G	126,514	124,006	19,464	6,526	15,676	7,712	29,316	329,214
31 December 2022G	118,636	76,055	15,374	3,869	16,872	4,062	27,232	262,100
31 December 2021G	134,108	78,489	3,832	2,818	16,560	6,489	22,229	264,525
31 December 2020G	149,519	56,088	9,651	2,265	33,517	12,141	13,041	276,222

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

The Group applies the simplified approach to measure expected credit losses under IFRS 9. Therefore, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Expected credit loss provision increased from SAR 32.0 million as of 31 December 2020G to SAR 34.5 million as of 31 December 2021G, as a result of additional provisions in relation to certain doubtful receivables during the financial year ended 31 December 2021G.

Expected credit loss provision decreased to SAR 33.5 million as of 31 December 2022G, due to a provision reversal amounting to SAR 985 thousand in the financial year ended 31 December 2022G as per the ECL model, following the collection of receivables from customers during the year.

Expected credit loss provision then increased to SAR 36.2 million as of 30 September 2023G, as result of additional provisions made for doubtful receivables amounting to SAR 2.8 million.

Trade receivables of SAR 329.2 million as of 30 September 2023G, were mostly aged less than 90 days (representing 76.1 per cent. of total). We highlight that SAR 52.7 million were aged 150 days as of 30 September 2023G, mostly in connection with one major customer Azmil, from whom a receivable balance of SAR 20.7 million was outstanding as of 30 September 2023G. A receivable balance of SAR 17.7 million as of 30 September 2023G was provided for (representing 85.5 per cent. of Azmil outstanding receivable balance). Azmil restructured its debt under the guidance of the MoC and issued Islamic sukuks licensed by the CMA in the nine-month period ended 30 September 2023G to cover the entire debt owed to the Group, with repayments to be made over the next 10 years and the gradual reversal of the provision upon collection of receivables.

For the remaining balance aged over 150 days amounting to SAR 32.0 million as of 30 September 2023G, and as per the external auditor's expected credit loss (ECL) model, the Group has an additional ECL provision of SAR 18.5 million in addition to bank guarantees, advance payments (Cash), and promissory notes sufficient to cover the remaining balance.

6.8.1.5 Inventory

The following table shows the inventory as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.37: Inventory as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Spare parts	1,667	-	-	-
Cleaning and hospitality materials	76	-	-	-
Others	557	-	-	-
Total	**2,300**	**-**	**-**	**-**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Inventory is stated at the lower of cost and net realisable value and the cost is determined using weighted average method. Inventory consists of spare parts, cleaning, hospitality materials, and others.

Inventory amounted to SAR 2.3 million as of 31 December 2020G and then decreased to nil as of 31 December 2021G, resulting from the transfer of the balance to the Al Holoul Al Mutakamela Holding Company.

6.8.1.6 Prepayments and Other Debit Balances

The following table shows the prepayments and other debit balances assets as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.38: Prepayments and Other Debit Balances as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Recruitment fees	39,092	74,607	114,394	57,729
Residence and work permit fees	165,761	150,873	71,180	48,217
Advances to suppliers	12,355	14,988	22,430	28,584
Insurance and medical examination	12,412	13,803	14,158	18,858
Prepaid employees' benefits	12,390	7,004	5,832	6,822
Prepaid expenses		-	3,210	4,183
Accrued revenues for Islamic Murabaha	433	474	1,146	9,139
Bank letters of guarantee	2,431	1,911	245	-
Property insurance	860	716	-	-
Others	1,188	1,763	1,857	1,995
Total	**246,922**	**266,139**	**234,453**	**175,527**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

a- Recruitment Fees

Recruitment fees relate to the total fees paid by the Group for recruitment agencies to provide it with workers. This balance represented the unutilised balance of workers recruitment fees, as the Group pays this amount in advance to recruitment agencies abroad. These fees are amortised over a period of 24 months from the date the worker arrives in the Kingdom.

Recruitment fees paid increased from SAR 39.1 million as of 31 December 2020G to SAR 74.6 million and SAR 114.4 million as of 31 December 2021G and 31 December 2022G respectively, in line with the increase in the new deployment from 5,179 in the financial year ended 31 December 2020G to 15,591 and 16,155 in the financial year ended 31 December 2021G and 31 December 2022G, respectively.

Recruitment fees then decreased to SAR 57.7 million as of 30 September 2023G in line with the decrease in the new deployment from 16,155 in the financial year ended 31 December 2022G to 7,906 in the nine-month period ended 30 September 2023G.

b- 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).

Residence and work permit fees decreased from SAR 165.8 million as of 31 December 2020G to SAR 150.9 million as of 31 December 2021G, in line with the decrease in average manpower from 40,866 in the financial year ended 31 December 2020G to 34,230 in the financial year ended 31 December 2021G.

Residence and work permit fees decreased further to SAR 71.2 million and SAR 48.2 million as of 31 December 2022G, and 30 September 2023G, respectively, following the decision that was issued by the Saudi Council of Ministers to allow work permit fees to be paid quarterly instead of annually.

c- Advances to Suppliers

Advances to suppliers mainly relate to the fees paid in advance by the Group for recruitment agencies to provide it with workers. The Group operates in more than 40 countries worldwide and works with around 150 agents. These prepayments are usually related to workers coming from various countries, including Indonesia, India, Pakistan, Indonesia, Uganda, Philippines, Bangladesh, Ethiopia, and Sri Lanka. Recruitment fees of 10 per cent. are usually paid in advance and the remaining 90 per cent. is settled once the worker arrives in the Kingdom.

Advances to suppliers increased from SAR 12.4 million as of 31 December 2020G to SAR 15.0 million and further to SAR 22.4 million as of 31 December 2021G and 31 December 2022G, respectively, in line with the increase in the new deployment from 5,179 in the financial year ended 31 December 2020G to 15,591 and 16,155 in the financial year ended 31 December 2021G and 31 December 2022G, respectively.

Advances to suppliers then increased further to SAR 28.6 million as of 30 September 2023G as result of the increase in advances balance to Indonesian recruitment agencies as the Group plans to increase recruitment of the Indonesian nationality.

d- Insurance and Medical Examination

Insurance and medical examination include prepaid insurance pertaining to employees and workers.

Insurance and medical examination increased from SAR 12.4 million as of 31 December 2020G to SAR 13.8 million as of 31 December 2021G, driven by an increase in the insurance premium for certain employee classes based on their insurance plans, partially offset by a decline in average manpower from 40,866 in the financial year ended 31 December 2020G to 34,230 in the financial year ended 31 December 2021G.

Insurance and medical examination further increased to SAR 14.2 million as of 31 December 2022G, in line with the increase in average manpower from 34,230 in the financial year ended 31 December 2021G to 37,280 in the financial year ended 31 December 2022G.

The balance then increased to SAR 18.9 million as of 30 September 2023G, which represents the unamortised prepaid insurance as of 30 September 2023G. It is worth mentioning that the Group normally renews its insurance policies in July of every year.

e- Prepaid Employees' Benefits

Prepaid employees' benefits are comprised of:

- **manpower' advances,** where each worker receives a balance of SAR 100-250 upon arrival in the Kingdom. This balance is repayable over a period of two months;
- **employees' advances** granted mainly to head office employees; and
- **advance housing allowance**.

The high unamortised prepaid employee's balance as of 31 December 2020G is due to the measures taken by the Group to stop amortising this balance during the COVID-19 pandemic to save costs. The balance then decreased during the financial years ended 31 December 2021G and 2022G to its normal balance.

Prepaid employees' benefits then increased to SAR 6.8 million as of 30 September 2023G, following the increase in housing allowances' advances to employees.

f- Prepaid Expenses

Prepaid expenses amounting to SAR 4.2 million as of 30 September 2023G, mainly represent prepaid rent on short-term lease outside the scope of "**International Financial Reporting Standard 16 – Leases**".

g- Accrued Revenues for Islamic Murabaha

Accrued revenues for Islamic Murabaha represent the income that has been earned by the Group from Islamic Murabaha deposits but not yet received in cash at the end of each financial year.

Accrued revenues for Islamic Murabaha amounted increased from SAR 433 thousand, SAR 474 thousand, and SAR 1.1 million as of 31 December 2020G, 2021G and 2022G, respectively, to SAR 9.1 million as of 30 September 2023G driven by the increase in Murabaha investments from SAR 185.0 million as of 31 December 2020G to SAR 285.0 million as of 30 September 2023G, coupled with the increase in interest returns from 2 per cent. in the financial year ended 31 December 2021G to 5 per cent. in the nine-month period ended 30 September 2023G.

h- Bank Letters of Guarantee

Bank letters of guarantee represent letters submitted by the Group in relation to two bids with government entities. These bank letters serve as a guarantee that the Group will fulfil the financial commitment in relation to the related bids.

Bank letters of guarantee decreased from SAR 2.4 million as of 31 December 2020G to SAR 1.9 million, SAR 245 thousand, and nil as of 31 December 2021G, 31 December 2022G and 30 September 2023G, respectively, as the Group's successive bids which required the letters of guarantee were not selected by the MHRSD.

i- Property Insurance

Property insurance includes prepaid insurance in connection with vehicle insurance.

Property insurance decreased from SAR 0.9 million and SAR 0.7 million as of 31 December 2020G and 2021G, respectively, to nil as of 31 December 2022G, as the external auditor has reclassed the balance as of 31 December 2022G amounting to SAR 1.2 million to insurance and medical examination.

The balance as of 30 September 2023G is nil, given that the insurance policy is renewed beginning October each year.

j- Others

Others mainly include workers uniform and housing allowances paid in advance.

Others increased from SAR 1.2 million as of 31 December 2020G to SAR 1.8 million SAR 1.9 million, and SAR 2.0 million as of 31 December 2021G, 31 December 2022G and 30 September 2023G, respectively, mainly in relation to the increase in housing allowances paid in advance.

6.8.1.7 Due from Related Parties

The following table shows the balances due from Related Parties as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.39: Balances Due From Related Parties as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Saudi Facilities Management Company	-	22,976	5,755	8,993
Esnad for Building & Housing Cleaning Services Company (Consolidated)	-	-	5,052	6,909
Saudi Medical Services Company	-	-	5,050	1,631
Areeb Human Resource Company	-	-	1,036	1,409
Terhab For Customer Experience Company	-	1,096	-	-
Total amounts Due from Related Parties	**-**	**24,072**	**16,893**	**18,942**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

a- Saudi Facilities Management Company

Amounts due from Saudi Facilities Management Company (a Subsidiary in the financial year ended 31 December 2020G and an affiliate in the financial years ended 31 December 2021G and 2022G, and the nine-month period ended 30 September 2023G) increased from nil as of 31 December 2020G to SAR 23.0 million as of 31 December 2021G, before fluctuating between SAR 5.8 million and SAR 9.0 million as of 31 December 2022G and 30 September 2023G, respectively. These balances represent expenses paid by the Group on behalf of the Related Party, coupled with new receivables arising from revenue realised from the aforementioned company for operation and maintenance services.

b- Esnad for Building & Housing Cleaning Services Company

Amounts due from Esnad for Building & Housing Cleaning Services Company (a Subsidiary in the financial years ended 31 December 2020G and 2021G and an affiliate in the financial year ended 31 December 2022G and the nine month period ended 30 September 2023G) increased from nil as of 31 December 2020G and 2021G, to SAR 5.1 million and SAR 6.9 million as of 31 December 2022G and 30 September 2023G, respectively, and represent expenses paid by the Group on behalf of the Related Party. These expenses included mainly marketing expenses.

c- Saudi Medical Services Company

Amounts due from Saudi Medical Services Company (a Subsidiary in the financial year ended 31 December 2020G and an affiliate in the financial years ended 31 December 2021G and 2022G and the nine month period ended 30 September 2023G) increased from nil as of 31 December 2020G and 2021G to SAR 5.1 million and SAR 1.6 million as of 31 December 2022G and 30 September 2023G, respectively, and represents expenses paid by the Group on behalf of the Related Party, coupled with new receivables arising from revenue realised from the aforementioned company for medical services.

d- Areeb Human Resource Company

Amounts due from Areeb Human Resource Company (a Subsidiary in the financial year ended 31 December 2020G and 2021G and an affiliate in the financial year ended 31 December 2022G and the nine month period ended 30 September 2023G) increased from nil as of 31 December 2020G and 2021G to SAR 1.0 million and SAR 1.4 million as of 31 December 2022G and 30 September 2023G, respectively, and represent the share capital of the Related Party paid by the Group on behalf of the aforementioned company.

e- Terhab Customer Experience Company

Amounts due from Terhab Customer Experience Company (a Subsidiary in the financial years ended 31 December 2020G and 2022G and the nine month period ended 30 September 2023G, and an affiliate in the financial year ended 31 December 2021G) increased from nil as of 31 December 2020G to SAR 1.1 million as of 31 December 2021G, and represent the share capital of the Related Party paid by the Group on behalf of the aforementioned company.

6.8.1.8 Visas in Use – Current Portion

The following table shows the movement of Visas in use – current portion as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.40: Movement of Visas in Use – Current Portion as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Balance at the start of the year/period	40,317	17,223	26,445	26,920
Used visas transferred during the year/period	10,232	29,892	32,304	15,794
Amortisation during the year/period	(33,145)	(20,099)	(30,951)	(21,272)
Charged to trade payables	(181)	(571)	(879)	(1,308)
Balance at the end of the year/period	**17,223**	**26,445**	**26,920**	**20,134**
Less: visas in use- non-current portion	(11,822)	(8,637)	(5,864)	(5,588)
Visas in use - current portion	**5,401**	**17,808**	**21,055**	**14,546**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Visas in use pertain to work visas issued to expat workers recruited by the Group which allow them entry to the Kingdom. Available visas are visas that have been issued by the Ministry to the Group and have not been allocated or used for any specific worker. The visas in use are those that have been allocated for a new worker who has already arrived in the Kingdom, and are amortised over the period of the workers contract with the Group (24 months) and which remain as a balance within used visas until they are fully amortised during the 24-month period.

Available visas represent the value of visas paid to the Ministry of Human Resource and Development which have not been used as of the date of the statement of financial position. Available visa amounts are transferred to visas in use 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 visas in use-current portion within current assets.

The following table shows the current and non-current portion of visas in use and available visas as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

For analytical purposes, the non-current portion of visas in use classified under non-current asset was added to the current portion of visas in use and to the available visas as follows:

Table 6.41: Current and Non-Current Portion of Visas in Use and Available Visas as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Visas in use -current portion	5,401	17,808	21,055	14,546
Visas in use - non-current portion	11,822	8,637	5,864	5,588
Available visas	27,808	27,776	35,561	37,227
Visas in use and available visas at the end of the year	**45,031**	**54,221**	**62,480**	**57,361**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Total vias in use and available visas increased from SAR 45.0 million as of 31 December 2020G to SAR 54.2 million and SAR 62.5 million as of 31 December 2021G and 2022G, respectively, due to an increase in the number of visas purchased, from 8,277 in the financial year ended 31 December 2020G to 17,700 and 23,930 in the financial years ended 31 December 2021G and 2022G, respectively, as a result of easing travel restrictions by the Government and the expected economic recovery in the wake of the COVID-19 pandemic.

The balance slightly decreased to SAR 57.4 million as of 30 September 2023G due to the decrease in the number of visas purchased from 23,930 in the financial year ended 31 December 2022G to 11,563 in the nine-month period ended 30 September 2023G.

6.8.1.9 Available Visas

The following table shows the movement of Available visas as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.42: Movement of Available Visas as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
At the start of the year/period	24,338	27,808	27,776	35,561
Purchased Visas during the year/period, net	13,702	29,860	40,089	17,460
Transferred to visas in use	(10,232)	(29,892)	(32,304)	(15,794)
Available visas at the end of the year/period	**27,808**	**27,776**	**35,561**	**37,227**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Available 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.

Available visas at the end of the year/period represent the value of visas paid to the Human Resources Development Fund (HRDF) which have not been used as of the date of the statement of financial position. Available visa amounts are transferred to visas in use upon the arrival of the recruited manpower in the territory of the Kingdom.

Available visas increased from SAR 27.8 million as of 31 December 2020G and 2021G to SAR 35.6 million and SAR 37.2 million as of 31 December 2022G, and 30 September 2023G respectively.

6.8.2 Non-Current Assets

The following table shows the non-current assets as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.43: Non-Current Assets as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Time Murabaha deposits – non-current	10,000	10,000	10,000	10,000
Visas in use – non-current	11,822	8,637	5,864	5,588
Right-of-use assets	34,679	40,185	30,730	25,647
Investment property	26,906	-	-	
Projects under progress	44,340	15,014	34,595	39,865
Property and equipment	226,303	151,850	141,655	138,172
Advance payments for long-term investments	-	-	3,150	6,900
Total non-current assets	**354,049**	**225,685**	**225,995**	**226,173**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Non-current assets amounted to SAR 354.0 million as of 31 December 2020G and mainly comprised of (1) property and equipment (SAR 226.3 million) mainly with respect to 4 plots of land in Riyadh, vehicles used under for Raha Hourly program, and accommodation buildings, (2) project under progress (SAR 44.3 million) mainly in relation to head office building and accommodation complex project, (3) right of use assets (SAR 34.7 million) related to buildings in connection with branches, worker accommodation, and head office, (4) investment property (SAR 26.9 million) related to a commercial land (Granada) owned by the Company for the purpose of investments in the Kingdom, (5) visas in use – non-current (SAR 11.8 million), and (6) time Murabaha deposits – non-current (SAR 10.0 million).

Non-current assets decreased to SAR 225.7 million as of 31 December 2021G, due to the decrease in property and equipment by SAR 74.5 million, projects under progress by SAR 29.3 million, investment property by SAR 26.9 million, and visas in use – non-current by SAR 3.2 million. This decrease was partly offset by an increase in right-of-use assets by SAR 5.5 million.

Non-current assets increased to SAR 226.0 million as of 31 December 2022G, mainly due to the increase in projects under progress by SAR 19.6 million and advance payments for long-term investments by SAR 3.2 million, partially offset by the decrease in property and equipment by SAR 10.2 million, right-of-use assets by SAR 9.5 million, and visas in use – non-current by SAR 2.8 million.

Non-current asset then slightly increased to SAR 226.2 million as of 30 September 2023G, mainly due to the increase in projects under progress by SAR 5.3 million and advance payments for long-term investments by SAR 3.8 million, partially offset by the decrease in right-of-use assets by SAR 5.1 million, property and equipment by SAR 3.5 million, and visas in use – non-current by SAR 276 thousand.

These are explained in further detail below.

6.8.2.1 Time Murabaha Deposits – Non-Current

The following table shows the Time Murabaha deposits – non-Current as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.44: Time Murabaha Deposits – Non-Current as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Time Murabaha deposits – non-Current	10,000	10,000	10,000	10,000

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Time Murabaha deposits – non-current amounted to SAR 10.0 million as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G, and pertains to Islamic Murabaha with Arab National Bank. This deposit represents a guarantee for the Group's licence issued by the MHRSD.

6.8.2.2 Visas in Use – Non-Current

The following table shows the Visas in use – non-current as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.45: Visas in Use – Non-Current as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Balance at the start of the year/period	40,317	17,223	26,445	26,920
Used visas transferred during the year/period	10,232	29,892	32,304	15,794
Amortisation during the year/period	(33,145)	(20,099)	(30,951)	(21,272)
Charged to trade payables	(181)	(571)	(879)	(1,308)
Balance at the end of the year/period	**17,223**	**26,445**	**26,919**	**20,134**
Less: visas in use – current portion	(5,401)	(17,808)	(21,055)	(14,546)
Visas in use – non-current	**11,822**	**8,637**	**5,864**	**5,588**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Visas in use pertain to work visas issued to expat workers recruited by the Group which allow them entry to the Kingdom. Available visas represent the value of visas paid to MHRSD which have not been used as of the date of the statement of financial position. Available visa amounts are transferred to visas in use 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 visas in use-current portion within current assets.

6.8.2.3 Right-of-Use Assets

The following table shows the right-of-use assets as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.46: Right-of-Use Assets as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	Right-of-Use Assets
As of 1 January 2020G	**44,712**
Additions for the year	14,443
Disposals for the year	(5,848)
Depreciation	(18,628)
NBV as of 31 December 2020G	**34,679**
Additions for the year	27,551
Disposals for the year	(2,717)
Transferred to the Al Holoul Al Mutakamela Holding Company	(5,243)
Depreciation	(14,085)
NBV as of 31 December 2021G	**40,185**
Additions for the year	8,296
Disposals for the year	(2,924)
Transferred to the Holding Company	(1,874)

SAR '000	Right-of-Use Assets
Depreciation	(12,953)
NBV as of 31 December 2022G	**30,730**
Additions for the period	6,310
Disposals for the period	(1,612)
Transferred to the Al Holoul Al Mutakamela Holding Company	-
Depreciation	(9,782)
NBV as of 30 September 2023G	**25,647**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and management information for the nine-month period ended 30 September 2023G.

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 34.7 million as of 31 December 2020G, and related to: the (1) regional head offices in Riyadh, Jeddah and Dammam; (2) 21 branches for Raha Hourly and Raha Mouqeemah businesses; and (3) 51 distribution centres for Raha Hourly business.

Right-of-use assets increased to SAR 40.2 million as of 31 December 2021G due to additions amounting to SAR 27.6 million in relation to twenty-five distribution centres as follows (Replacement: three Distribution Centres, expansion/new: nine distribution centres, and renewal: thirteen distribution centres). These additions were partly offset by: (1) depreciation charges during the year amounting to SAR 14.1 million; (2) transfers to the Al Holoul Al Mutakamela Holding Company amounting to SAR 5.2 million related to Saudi Marafiq Company and Saudi Medical Company as part of the Group's re-organisation during the financial year ended 31 December 2021G; and (3) disposals amounting to SAR 2.7 million in relation to eight Distribution Centres (one in Al Qassim, one in Riyadh, one in Al Khobar, one in Baha, one in Mecca, one in Al Khobar, and two in Yanbu).

Right-of-use assets subsequently decreased to SAR 30.7 million as of 31 December 2022G due to: (1) depreciation charges during the year amounting to SAR 13.0 million; (2) disposals amounting to SAR 2.9 million in relation to three branches in Al Taif (replacement), Yanbu, and Al Qassim; and (3) transfers to the Al Holoul Al Mutakamela Holding Company amounting to SAR 1.9 million related to Esnad for Building & Housing Cleaning Services Company as part of the Group's re-organisation during the financial year ended 31 December 2022G. This was partially offset by additions during the year amounting to SAR 8.3 million in relation to two branches in Mecca and Al Taif, one operation office in Al Jubail, and eight distribution centres (six expansion/new distribution centres and two renewal distribution centres).

Right-of-use assets then decreased to SAR 25.6 million as of 30 September 2023G due to: (1) depreciation charges during the period amounting to SAR 9.8 million; and (2) disposals amounting to SAR 1.6 million in relation to one branch in Madinah (replacement), and four distribution centres (one in Riyadh, one in Buraydah, one in Al Quway'iyah, and one in Yanbu). This was partially offset by additions during the period amounting to SAR 6.3 million in relation to three new branches in Dammam, Jeddah, and Riyadh, one branch in Madinah (replacement), and seven new distribution centres (three in Jeddah, one in Hafr Al Batin, one in Baha, and two in Riyadh).

6.8.2.4 Investment Property

The following table shows the Investment property as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.47: Investment Property as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Balance at the end of the year/period	26,906	26,906	-	-
Transferred to the Al Holoul Al Mutakamela Holding Company	-	(26,906)	-	-
Balance at the end of the year/period	**26,906**	**-**	**-**	**-**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Investment property amounted to SAR 26.9 million as of 31 December 2020G and related to a commercial land (Granada) owned by the Company for the purpose of investments in the Kingdom.

Investment property decreased to nil as of 31 December 2021G following the transfer of the land to the Al Holoul Al Mutakamela Holding Company as part of the Group's re-organisation.

6.8.2.5 Projects Under Progress

The following table shows the Projects under progress as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.48: Projects Under Progress as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	Accommodation complex project	Electronic software	Leasehold improvements	Head office building	Others	Total
As of 1 January 2020G	41,153	200	1,097	8,687	-	51,137
Additions during the year	20,768	2,621	1,746	19,989	566	45,689
Transferred to property and equipment	(51,281)	-	(1,205)	-	-	(52,486)
As of 31 December 2020G	**10,640**	**2,821**	**1,638**	**28,675**	**566**	**44,340**
Additions during the year	3,643	523	-	-	-	4,166
Transferred to property and equipment	-	(2,621)	(1,630)	-	-	(4,251)
Transferred to the Al Holoul Al Mutakamela Holding Company	-	-	-	(28,675)	(566)	(29,241)
As of 31 December 2021G	**14,283**	**723**	**7**	**-**	**-**	**15,014**
Additions during the year	13,392	6,190	-	-	-	19,582
As of 31 December 2022G	**27,675**	**6,913**	**7**	**-**	**-**	**34,595**
Additions during the period	4,075	995	-	-	200	5,270
As of 30 September 2023G	**31,750**	**7,908**	**7**	**-**	**200**	**39,865**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

a- Accommodation Complex Project

The accommodation complex project relates to two stages under construction on a land located in Riyadh owned by the Group.

Accommodation complex project (stage 1) which had a total cost of SAR 51.3 million was completed in the financial year ended 31 December 2020G and transferred to property and equipment as follows: building (SAR 39.1 million), computers software and devices (SAR 6.1 million), central air conditioning equipment (SAR 4.2 million), and electrical equipment and signboards (SAR 1.8 million).

Accommodation complex project amounted to SAR 10.6 million as of 31 December 2020G and relates to accommodation complex project (stage 2) under construction. The balance increased to SAR 14.3 million, SAR 27.7 million, and SAR 31.8 million as of 31 December 2021G, 31 December 2022G and 30 September 2023G, respectively, as result of the additions due to expansions during the year / period amounting to SAR 3.6 million SAR 13.4 million, and 4.1 million in the financial years ended 31 December 2021G and 2022G, and the nine-month period ended 30 September 2023G, respectively. This project is expected to be concluded by the first quarter of the financial year ended 31 December 2024G when it will be transferred to property and equipment.

b- Electronic Software

Electronic software amounted to SAR 2.8 million as of 31 December 2020G and related to applications and software developed by the in-house IT team.

Electronic software decreased to SAR 0.7 million as of 31 December 2021G due to transfers to property and equipment during the year amounting to SAR 2.6 million in connection with the integration of 4 ERP systems with the main ERP system Dynamics 365, partially offset by additions amounting to SAR 0.5 million. Electronic software then increased to SAR 6.9 million and 7.9 million as of 31 December 2022G and 30 September 2023G, respectively, due to additions amounting to SAR 6.2 million and SAR 995 thousand in the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G, respectively, in connection with ERP systems being generated by the in-house IT team to be integrated with the main ERP system once completed.

c- Leasehold Improvements

Leasehold improvements pertain to improvements and renovations to distribution centres in relation to Raha Hourly workers.

Leasehold improvements decreased from SAR 1.6 million as of 31 December 2020G to SAR 7 thousand as of 31 December 2021G, 2022G and 30 September 2023G, as result of transfer to property and equipment amounting to SAR 1.6 million in the financial year ended 31 December 2021G.

d- Head Office Building

Head office building amounted to SAR 28.7 million as of 31 December 2020G and represented the head office of the Group under construction on a land owned by the Group located in Riyadh.

Head office building decreased to nil as of 31 December 2021G and 2022G, and 30 September 2023G, as result of transferring the head office building to the Al Holoul Al Mutakamela Holding Company amounting to SAR 28.7 million as part of the Group's re-organisation in the financial year ended 31 December 2021G.

e- Others

Others amounted to SAR 0.6 million as of 31 December 2020G and related to IT projects. Others decreased to nil as of 31 December 2021G and 2022G as result of transfers to the Al Holoul Al Mutakamela Holding Company amounting to SAR 0.6 million as part of the Group's re-organisation before increasing to SAR 0.2 million as of 30 September 2023G in connection with the addition of Sadad payment system for Business-to-Customers.

6.8.2.6 Property and Equipment

The following table shows the property and equipment as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.49: Property and Equipment as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	Land	Buildings	Central Air Conditioning Equipment	Leasehold Improvements	Furniture and Fixtures	Computers Software and Devices	Electrical Equipment and Signboards	Vehicles	Total
Cost									
As of 1 January 2020G	115,819	-	-	15,950	13,164	17,466	12,020	71,895	246,314
Additions during the year	-	-	-	1,008	1,221	1,494	1,097	14,874	19,693
Transfer from project under progress	-	39,145	4,173	1,205	-	6,144	1,818	-	52,486
Disposals during the year	-	-	-	(2,259)	(1,361)	(46)	(1,248)	(109)	(5,022)
As of 31 December 2020G	**115,819**	**39,145**	**4,173**	**15,906**	**13,024**	**25,058**	**13,686**	**86,660**	**313,471**
Additions during the year	-	-	-	582	1,271	2,875	778	1,112	6,618
Transfer from projects under progress	-	-	-	1,630	-	2,621	-	-	4,251
Disposals during the year	(11,425)	-	-	-	-	-	-	(19,970)	(31,395)
Transferred to the Al Holoul Al Mutakamela Holding Company	(47,144)	-	-	(974)	(799)	(721)	(1,606)	(100)	(51,344)
As of 31 December 2021G	**57,250**	**39,145**	**4,173**	**17,144**	**13,496**	**29,832**	**12,859**	**67,702**	**241,601**
Additions during the year	-	-	-	998	2,509	3,840	989	9,043	17,379

SAR '000	Land	Buildings	Central Air Conditioning Equipment	Leasehold Improvements	Furniture and Fixtures	Computers Software and Devices	Electrical Equipment and Signboards	Vehicles	Total
Disposals during the year	(2,685)	-	-	-	-	(2,637)	(69)	(853)	(6,243)
Transferred from the Al Holoul Al Mutakamela Holding Company	-	-	-	11	236	155	-	-	402
Transferred to the Al Holoul Al Mutakamela Holding Company	-	-	-	(2,249)	(150)	(785)	(27)	(359)	(3,569)
As of 31 December 2022G	**54,565**	**39,145**	**4,173**	**15,905**	**16,090**	**30,406**	**13,752**	**75,534**	**249,570**
Additions during the period	-	-	-	125	1,603	550	259	10,394	12,931
Disposals during the period	-	-	-	-	(7)	-	-	(1,348)	(1,355)
Transfer from projects under progress	-	-	-	-	-	-	-	-	-
Transferred to the Al Holoul Al Mutakamela Holding Company	-	-	-	-	-	-	-	-	-
As of 30 September 2023G	**54,565**	**39,145**	**4,173**	**16,031**	**17,687**	**30,955**	**14,011**	**84,579**	**261,146**
Accumulated depreciation									
As of 1 January 2020G	-	-	-	8,881	5,231	9,831	4,787	37,840	66,570
Charge for the year	-	-	-	3,112	1,847	2,739	1,836	14,621	24,155
Disposals during the year	-	-	-	(1,451)	(1,021)	(4)	(971)	(109)	(3,556)
As of 31 December 2020G	**-**	**-**	**-**	**10,543**	**6,057**	**12,565**	**5,652**	**52,352**	**87,169**
Charge for the year	-	1,308	417	2,685	1,720	3,866	1,754	11,816	23,567
Disposals during the year	-	-	-	-	-	-	-	(19,379)	(19,379)
Transferred to the Al Holoul Al Mutakamela Holding Company	-	-	-	(490)	(330)	(323)	(442)	(20)	(1,606)
As of 31 December 2021G	**-**	**1,308**	**417**	**12,738**	**7,447**	**16,108**	**6,963**	**44,770**	**89,751**
Charge for the year	-	1,305	417	1,089	1,495	4,550	1,297	11,151	21,305
Discontinued operations charge	-	-	-	709	26	60	4	55	855
Disposals during the year	-	-	-	-	-	(1,998)	(24)	(548)	(2,570)
Transferred from the Al Holoul Al Mutakamela Holding Company	-	-	-	-	9	5	-	-	14

SAR '000	Land	Buildings	Central Air Conditioning Equipment	Leasehold Improvements	Furniture and Fixtures	Computers Software and Devices	Electrical Equipment and Signboards	Vehicles	Total
Transferred to the Al Holoul Al Mutakamela Holding Company	-	-	-	(1,213)	(34)	(89)	(5)	(98)	(1,439)
As of 31 December 2022G	**-**	**2,613**	**835**	**13,323**	**8,943**	**18,636**	**8,235**	**55,331**	**107,915**
Charge for the period	-	979	313	652	1,218	3,092	961	8,931	16,146
Disposals during the period	-	-	-	-	-	-	-	(1,087)	(1,087)
As of 30 September 2023G	**-**	**3,592**	**1,148**	**13,975**	**10,161**	**21,728**	**9,196**	**63,174**	**122,974**
Net book value									
As of 31 December 2020G	**115,819**	**39,145**	**4,173**	**5,362**	**6,968**	**12,493**	**8,035**	**34,308**	**226,303**
As of 31 December 2021G	**57,250**	**37,837**	**3,756**	**4,406**	**6,049**	**13,724**	**5,895**	**22,933**	**151,850**
As of 31 December 2022G	**54,565**	**36,532**	**3,338**	**2,583**	**7,148**	**11,769**	**5,516**	**20,203**	**141,655**
As of 30 September 2023G	**54,565**	**35,553**	**3,025**	**2,056**	**7,526**	**9,227**	**4,814**	**21,405**	**138,172**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

The following table shows the allocation of depreciation as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.50: Allocation of Depreciation as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	Financial Years Ended 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Management Information
Cost of revenue	21,544	20,069	18,017	13,803
General and administrative expenses	2,157	3,024	2,947	2,181
Marketing expenses	454	474	341	162
Discontinued operations charge	-	-	855	-
Total	**24,155**	**23,567**	**22,160**	**16,146**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and management information for the nine-month period ended 30 September 2023G.

Property and equipment are stated at cost less accumulated depreciation. Depreciation costs are calculated on a straight-line basis by category.

a- Land

Land amounted to SAR 115.8 million as of 31 December 2020G and pertains to four plots of land located in Riyadh. Land decreased to SAR 57.3 million as of 31 December 2021G as result of transferring a land, on which the head office building is being constructed, amounting to SAR 47.1 million to the Al Holoul Al Mutakamela Holding Company as part of the Group's re-organisation in the financial year ended 31 December 2021G, coupled with the disposal of a second land amounting to SAR 11.4 million. Land decreased further to SAR 54.6 million as of 31 December 2022G and 30 September 2023G, as result of the disposal of a third land amounting to SAR 2.7 million in the financial year ended 31 December 2022G. The balance of SAR 54.6m at 30 September 2023G relates to a single piece of land in Riyadh.

b- Buildings

Buildings amounted to SAR 39.1 million as of 31 December 2020G and relate to accommodation complex project (Stage 1), located on a land owned by the Group in Riyadh, that was completed in the financial year ended 31 December 2020G and transferred to property and equipment as part of the accommodation complex project (Stage 1).

The net book value of buildings decreased to SAR 37.8 million and 36.5 million as of 31 December 2021G and 2022G, respectively, and then to SAR 35.6 million as of 30 September 2023G, as a result of depreciation charged during these years / period (SAR 1.3 million in the financial years ended 31 December 2021G and 2022G, and SAR 979 thousand in the nine-month period ended 30 September 2023G).

c- Central Air Conditioning Equipment

Central air conditioning equipment amounted to SAR 4.2 million as of 31 December 2020G and relate to accommodation complex project (Stage 1), located on a land owned by the Group in Riyadh, that was completed in the financial year ended 31 December 2020G and transferred to property and equipment as part of the accommodation complex project (Stage 1).

The net book value of Central air conditioning equipment decreased to SAR 3.8 million and SAR 3.3 million as of 31 December 2021G and 2022G, respectively, and then to SAR 3.0 million as of 30 September 2023G, as a result of depreciation charged during these years / period (SAR 0.4 million in the financial years ended 31 December 2021G and 2022G, and SAR 0.3 million in the nine-month period ended 30 September 2023G).

d- Leasehold Improvements

Leasehold improvements pertain to improvements and renovations to distribution centres in relation to Raha Hourly workers.

Leasehold improvements decreased from SAR 5.4 million as of 31 December 2020G to SAR 4.4 million as of 31 December 2021G as a result of depreciation charged during the year amounting to SAR 2.7 million, coupled with transfer to the Al Holoul Al Mutakamela Holding Company for SAR 0.5 million as part of the Group's re-organisation, partially offset by transfer from project under progress amounting to SAR 1.6 million related to head offices, branches, and distribution centres, and additions of SAR 0.6 million in the financial year ended 31 December 2021G.

Leasehold improvements decreased to SAR 2.6 million as of 31 December 2022G as a result of (1) depreciation charged during the year amounting to SAR 1.1 million, (2) transfer to the Al Holoul Al Mutakamela Holding Company for SAR 1.0 million and discontinued operations charge amounting to SAR 0.7 million, as part of the Group's re-organisation in the financial year ended 31 December 2022G and related to the assets of Areeb Human Resources Company and Esnad for Building & Housing Cleaning Services Company. This was partially offset by additions of SAR 1.0 million in the financial year ended 31 December 2022G.

Leasehold improvements then decreased to SAR 2.1 million as of 30 September 2023G, driven by the depreciation charged during the period amounting to SAR 0.7 million, partially offset by additions of SAR 0.1 million.

e- Furniture and Fixtures

Furniture and fixtures include furniture for the accommodation of workers as well as some furniture in the head office and branches used for Business, Raha Hourly, and Raha Mouqeemah.

Furniture and Fixtures decreased from SAR 7.0 million as of 31 December 2020G to SAR 6.0 million as of 31 December 2021G, as a result of depreciation charged during the year amounting to SAR 1.7 million, coupled with transfer to the Al Holoul Al Mutakamela Holding Company for SAR 0.5 million as part of the Group's re-organisation, partially offset by additions of SAR 1.3 million in 2021G mainly in connection with the head offices, branches, and distribution centres.

Furniture and Fixtures increased by SAR 1.1 million to SAR 7.1 million as of 31 December 2022G as a result of additions amounting to SAR 2.5 million in relation to head offices, branches, and distribution centres, coupled with transfer from the Al Holoul Al Mutakamela Holding Company for SAR 0.2 million in connection with the re-acquisition of Terhab Customer Experience Company and Romoz Development for Communications and Information Technology Company.

This was partially offset by depreciation charged during the year amounting to SAR 1.5 million along with a transfer to the Al Holoul Al Mutakamela Holding Company for SAR 0.1 million as part of the Group's re-organisation related to the assets of Areeb Human Resources Company and Esnad for Building & Housing Cleaning Services Company.

Furniture and Fixtures slightly increased by SAR 378 thousand to SAR 7.5 million as of 30 September 2023G, mainly driven by the additions of SAR 1.6 million in connection with furniture and fixtures related to distribution centres, partially offset by the depreciation charged during the period amounting to SAR 1.2 million.

f- Computers Software and Devices

Computers software and devices include computers, software, and devices used in the head office and branches in relation to Business, Raha Hourly, and Raha Mouqeemah.

The Group classified computers software and devices within property and equipment instead of presenting it as a separate line item as intangible assets because it is relatively insignificant (quantitatively and qualitatively), and does not constitute an important element of the Group's activities. The accounting policy for this asset is similar to property and equipment in terms of asset recognition, depreciation and amortisation. The Company relied on paragraphs 29 and 30 of International Standard No. 1 (IAS 1).

Computers software and devices increased from SAR 12.5 million as of 31 December 2020G to SAR 13.7 million as of 31 December 2021G as a result of additions amounting to SAR 2.9 million in relation to three IT systems, coupled with transfer from project under progress amounting to SAR 2.6 million in connection with the integration of four ERP systems, partially offset by depreciation charged during the year amounting to SAR 3.9 million and transfer to the Holding Company for SAR 0.4 million as part of the Group' re-organisation.

Computers software and devices decreased to SAR 11.8 million as of 31 December 2022G as a result of depreciation charged during the year amounting to SAR 4.6 million, coupled with transfer to the Al Holoul Al Mutakamela Holding Company for SAR 0.7 million as part of the Group's re-organisation and related to the assets of Areeb Human Resources Company and Esnad for Building & Housing Cleaning Services Company. This was partially offset by additions of SAR 3.8 million mainly in connection with devices used in the new vehicles acquired and the addition of new PCs to replace old PCs as well as to provide these to new employees.

Computers software and devices decreased by SAR 2.5 million to 9.2 million as of 30 September 2023G, driven by the depreciation charged during the period amounting to SAR 3.1 million, partially offset by additions of SAR 0.6 million.

g- Electrical Equipment and Signboards

Electrical equipment and signboards pertain to electrical equipment and signboards used in the head office and branches in relation to Business, Raha Hourly, and Raha Mouqeemah.

Electrical equipment and signboards decreased from SAR 8.0 million as of 31 December 2020G to SAR 5.9 million as of 31 December 2021G as a result of depreciation charged during the year amounting to SAR 1.8 million, coupled with transfer to the Al Holoul Al Mutakamela Holding Company for SAR 1.2 million as part of the Group's re-organisation in the financial year ended 31 December 2021G, partially offset by additions of SAR 0.8 million.

Electrical equipment and signboards decreased to SAR 5.5 million as of 31 December 2022G as a result of depreciation charged during the year amounting to SAR 1.3 million, partially offset by additions of SAR 1.0 million.

Electrical equipment and signboards decreased to 4.8 million as of 30 September 2023G, driven by the depreciation charged during the period amounting to SAR 1.0 million, partially offset by additions of SAR 0.3 million.

h- Vehicles

Vehicles relate to the fleet of vehicles owned by the Group, which are mainly used to transport workers employed under Raha Hourly program to and from their accommodation and customer premises.

Vehicles decreased from SAR 34.3 million as of 31 December 2020G to SAR 22.9 million as of 31 December 2021G as a result of depreciation charged during the year amounting to SAR 11.8 million, coupled with disposal for SAR 0.6 million in relation to the fleet of vehicles, partially offset by additions of SAR 1.1 million in 2021G.

Vehicles decreased to SAR 20.2 million as of 31 December 2022G as a result of depreciation charged during the year amounting to SAR 11.2 million, coupled with disposals of SAR 0.3 million of old vehicles, partially offset by additions of SAR 9.0 million in 2022G.

Vehicles increased to SAR 21.4 million as of 30 September 2023G, mainly driven by the additions of SAR 10.4 million in connection with the fleet of vehicles, partially offset by the depreciation charged during the period amounting to SAR 8.9 million, and disposals of SAR 0.3 million in relation to the older vehicles.

It is estimated that the value of the assets to be purchased during the first half of 2024G is approximately SAR 12.0 million, and will be related to the operations of Raha Hourly, such as vehicles and residential equipment.

6.8.2.7 Advance Payments for Long-Term Investments

The Group has made the following advances payments for long-term investments as of 30 September 2023G through Saneem Investment Company (a new Subsidiary established in the financial year ended 31 December 2022G):

- SAR 3.8 million in SAR Financial Solution Holding to subscribe for 10,025 shares in the capital of the Company, which represents 0.81 per cent. of total capital, that has a primary purpose to invest in blue collar digital wallet technology;
- SAR 3.0 million in HRCOM to acquire 20 per cent. of the share capital of the Company, that has a primary purpose to invest in Applicant tracking system; and
- SAR 150 thousand to establish and register a new LLC company that has a primary purpose to invest in Dots Route optimisation technology.

The balance as of 31 December 2022G was SAR 3.2 million and had increased to SAR 6.9 million as of 30 September 2023G in line with investment decisions made after the Company Board of Directors meeting number three in the financial year ended 31 December 2021G, in which the public investment strategy was approved, including a long-term investment initiative with a budget of SAR 35.0 million for four years.

6.8.3 Current Liabilities

The following table shows the current liabilities as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.51: Current Liabilities as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	AS of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Retained deposits – Current portion	45,557	49,248	53,111	46,244
Unearned revenues	91,744	72,280	77,288	51,231
Trade payables	27,509	8,060	10,831	24,337
Accrued expenses and other credit balances	183,251	166,988	162,207	188,002
Due to Related Parties	-	27,766	923	968
Lease liabilities – current portion	11,827	12,892	8,714	4,666
Zakat provision	11,824	9,103	9,561	8,356
Total current liabilities	**371,712**	**346,339**	**322,635**	**323,805**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Current liabilities decreased from SAR 371.7 million as of 31 December 2020G to SAR 346.3 million as of 31 December 2021G, mainly due to a decrease in trade payables by SAR 19.5 million, and accrued expenses and other credit balances by SAR 16.3 million. This was partially offset by an increase in balances due to Related Parties by SAR 27.8 million in the financial year ended 31 December 2021G.

Current liabilities decreased further to SAR 322.6 million as of 31 December 2022G as a result of a decrease in balances due to Related Parties by SAR 26.8 million, accrued expenses and other credit balances by SAR 4.8 million, and lease liabilities – current portion by SAR 4.2 million. This was partly offset by an increase in unearned revenues by SAR 5.0 million and retained deposits – current portion by SAR 3.9 million. Current liabilities slightly increased to SAR 323.8 million as of 30 September 2023G as a result of the increase in accrued expenses and other credit balances by SAR 25.8 million and trade payables by SAR 13.5 million. This was partly offset by a decrease in unearned revenues by SAR 26.1 million, retained deposits – current portion by SAR 6.9 million, and lease liabilities – current portion by SAR 4.0 million.

6.8.3.1 Retained Deposits

The following table shows the retained deposits as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.52: Retained Deposits as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Management Information
Deposits from customers	105,145	104,317	105,029	102,051
Deposits from recruitment agencies	4,821	5,082	3,238	3,312
Balance at the end of the year/period	109,966	109,399	108,267	105,363
Less: non – current portion	(45,557)	(49,248)	(53,111)	(46,244)
Retained deposits–-current portion	**64,409**	**60,151**	**55,157**	**59,119**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and management information for the nine-month period ended 30 September 2023G.

Retained deposits represent amounts collected in advance from business customers, and recruitment agencies as security deposits of employment contracts. These amounts are refunded at the end of the contract after deducting the due amounts to the Company or manpower from customers and recruitment agencies. Retained deposits are classified as current and non-current assets. Deposits range between SAR 4,500 and SAR 7,500, depending on the nationality of each worker, in accordance with the Group's contracting policy.

a- Deposits from Customers

Deposits from customers slightly decreased from SAR 105.1 million as of 31 December 2020G to SAR 104.3 million as of 31 December 2021G, mainly driven by a decline in average number of manpower deployed from 24,992 in the financial year ended 31 December 2020G to 21,659 in the financial year ended 31 December 2021G,before increasing to SAR 105.0 million as of 31 December 2022G in line with the increase in average number of manpower deployed to 22,816 in the financial year ended 31 December 2022G. Deposits from customers then decreased to SAR 102.1m as of 30 September 2023G in line with the decrease in average number of manpower deployed to 20,866 in the nine-month period ended 30 September 2023G.

b- Deposits from Recruitment Agencies

Deposits from recruitment agencies decreased from SAR 4.8 million and SAR 5.1 million as of 31 December 2020G and 2021G, respectively, to SAR 3.2 million and SAR 3.3 million as of 31 December 2022G and 30 September 2023G, respectively, in line with the decrease in number of active agents that the Group deals with from 80 and 84 in the financial year ended 31 December 2020G and 2021G, respectively, to 63 in the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G, after the end of contracts with some agents.

6.8.3.2 Unearned Revenues

The following table shows the unearned revenues as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.53: Unearned Revenues as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Unearned revenues	91,744	72,280	77,288	51,231

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Unearned revenues (Deferred) represent amounts collected in advance from customers when signing contracts for rendering manpower services relating to Raha Hourly and Raha Mouqeemah businesses. These amounts are recognised within revenues in the statement of profit or loss when realised.

The high balance of unearned revenues as of 31 December 2020G of SAR 91.7 million is due to the Group's inability to render all manpower services for which it has received advance payments due to lockdowns and restrictions imposed due to the COVID-19 pandemic. Unearned revenues decreased to reduced levels of SAR 72.3 million and SAR 77.3 million as of 31 December 2021G and 2022G, respectively.

Unearned revenues then decreased to SAR 51.2 million as of 30 September 2023G, in line with the decrease in Raha Hourly revenue over the same period coupled with the change of the 6-month contracts' payment terms of Raha Mouqeemah from 100 per cent. advance payment to 20 per cent. advance payment plus instalment payments. This change was applicable from the second quarter of the financial year ended 31 December 2023G.

6.8.3.3 Trade Payables

The following table shows the trade payables as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.54: Trade Payables as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Trade payables	27,509	8,060	10,831	24,337

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Trade payables mainly pertain to outstanding payables to recruitment agencies, insurance companies, technology solution suppliers, ticket and travel agencies, and uniform suppliers.

Trade payables decreased from SAR 27.5 million as of 31 December 2020G to SAR 8.1 million as of 31 December 2021G mainly driven by the Group's payment of SAR 14.2 million as a result of signing a new contract with a different insurance provider that had different payment terms. The balance remained relatively stable at SAR 10.8 million as of 31 December 2022G.

Trade payables subsequently increased to SAR 24.3 million as of 30 September 2023G, mainly driven by the increase in payables to medical insurance (SAR 14.0 million as of 30 September 2023G), following a change in the insurance contract payment terms from instalments to advance payments on the back of the new insurance contract signed with a new insurance provider due to better services offered at lower prices.

The new insurance policy renews on 1 July of each year and payment terms varied over the Historical Period as follows:

In 2020G, the insurance policy amounted to SAR 33.3 million, 50 per cent. of which was paid in the same year and the remaining in 2021G, which led to a decrease in trade payables in 2021G. As for 2021G, the insurance policy amounted to SAR 28.4 million, which was paid in full in 2021G. In 2022G, the insurance policy amounted to SAR 33.3 million, which was fully paid in 2022G. In 2023G, the insurance policy amounted to SAR 28.1 million, of which SAR 15.0 million was paid and the remaining amount will be paid during 2024G. Therefore, the balance of trade payables increased to SAR 24.3 million as of 30 September 2023G as a result of the portion that has not yet been paid.

6.8.3.4 Accrued Expenses and Other Credit Balances

The following table shows the accrued expenses and other credit balances as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.55: Accrued Expenses and Other Credit Balances as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Management Information
Vacations and air tickets	91,418	88,017	91,329	89,575
Salaries and other benefits	64,733	49,615	39,362	62,483
Value added tax payable	14,849	19,181	21,579	20,706
Others	12,251	10,174	9,938	15,237
Total accrued expenses and other credit balances	**183,250**	**166,988**	**162,207**	**188,002**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and management information for the nine-month period ended 30 September 2023G.

a- Vacations 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 vacation allowances for workers are 21 days per year, granted every two years as per their contracts.

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. The Group's employees are entitled to one ticket per year, whereas the workers are entitled to one ticket every two years. It should be noted that the ticket price is amortised over a period of one year for employees and two years for workers.

The movement in accruals related to vacations and air tickets fluctuated over the Historical Period in line with the movement in average manpower at each year/period end.

Vacation and air tickets decreased from SAR 91.4 million as of 31 December 2020G to SAR 88.0 million as of 31 December 2021G, primarily due to the decrease in average manpower from 40,867 in the financial year ended 31 December 2020G to 34,230 in the financial year ended 31 December 2021G.

Vacation and air tickets increased to SAR 91.3 million as of 31 December 2022G, in line with the increase in average manpower from 34,230 in the financial year ended 31 December 2021G to 37,281 in the financial year ended 31 December 2022G.

Vacation and air tickets then decreased to SAR 89.6 million as of 30 September 2023G in line with the decrease in average manpower from 37,281 in the financial year ended 31 December 2022G to 35,315 in the nine-month period ended 30 September 2023G.

b- Salaries and Other Benefits

Accruals related to salaries and other benefits 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 and incentives, depending on the yearly performance review of employees.

Accruals related to salaries and other benefits decreased from SAR 64.7 million as of 31 December 2020G to SAR 49.6 million as of 31 December 2021G, as result of the decrease in accrued salaries by SAR 9.1 million due to higher salary payments as of 31 December 2021G compared to 31 December 2020G, and a decrease in accrued bonus and employee' incentives and commissions by SAR 3.1 million.

Salaries and other benefits decreased further to SAR 39.4 million as of 31 December 2022G, mainly as a result of the decrease in accrued bonus and employee' incentives and commissions by SAR 9.3 million.

Salaries and other benefits then increased to SAR 62.5 million as of 30 September 2023G driven by the increase in accrued salaries as result of delays in receipt of employee timesheets from certain clients.

c- Value Added Tax Payable

Value-added tax payables increased from SAR 14.8 million as of 31 December 2020G to SAR 19.2 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.. The balance then increased to SAR 21.6 million as of 31 December 2022G, and then decreased to SAR 20.7 million due to the normal fluctuations in input and output VAT from the normal business activities.

d- Others

Others decreased from SAR 12.3 million as of 31 December 2020G to SAR 10.2 million as of 31 December 2021G, mainly as a result of a decrease in project guarantees by SAR 3.6 million in relation to accommodation complex project, partially offset by the increase in accrued marketing expenses by SAR 1.3 million.

Others decreased to SAR 9.9 million as of 31 December 2022G, mainly due to the decrease in accrued Board of Directors' expenses by SAR 0.2 million.

Others then increased to SAR 15.2 million as of 30 September 2023G due to the increase in accrued Board of Directors' expenses by SAR 3.2 million related to Board of Directors' reimbursement, and the increase in advertising provision by SAR 2.6 million.

6.8.3.5 Due to Related Parties

The following table shows the due to Related Parties as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.56: Due to Related Parties as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Al Holoul Al Mutakamela Holding Company	-	2,485	924	968
Saudi Medical Services Company	-	24,215	-	-
Romoz Development for Communications and Information Technology Company	-	1,067	-	-
Total amounts due to Related Parties	**-**	**27,766**	**924**	**968**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Al Holoul Al Mutakamela Holding Company

Amounts due to Al Holoul Al Mutakamela Holding Company (parent company) increased from nil as of 31 December 2020G to SAR 2.5 million, SAR 0.9 million, and SAR 1.0 million as of 31 December 2021G, 31 December 2022G, and 30 September 2023G, respectively, and represent the outstanding balances resulting from the transfer of the net assets to the Holding Company as part of the Group's re-organisation in the financial year ended 31 December 2021G.

Saudi Medical Services Company

Amounts due to Saudi Medical Services Company (a Subsidiary in the financial year ended 31 December 2020G and an affiliate in the financial year ended 31 December 2021G and 2022G and the nine-month period ended 30 September 2023G) increased from nil as of 31 December 2020G to SAR 24.2 million as of 31 December 2021G, and represent cash collected by the Group on behalf of the Related Party.

Romoz Development for Communications and Information Technology Company

Amounts due to Romoz Development for Communications and Information Technology Company (a Subsidiary in the financial year ended 31 December 2020G and 2022G and the nine-month period ended 30 September 2023G, and an affiliate in the financial year ended 31 December 2021G) increased from nil as of 31 December 2020G to SAR 1.1 million as of 31 December 2021G, and represent IT services provided to the Group by the Related Party.

6.8.3.6 Lease Liabilities – Current Portion

The following table shows the Lease liabilities – current portion as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.57: Lease Liabilities – Current Portion as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	Lease liabilities
As of 1 January 2020G	**35,940**
Additions for the year	14,443
Disposals for the year	(6,234)
Transfer to the Al Holoul Al Mutakamela Holding Company	-
Cost of financing leases	1,482
Payments during the year	(14,666)
Discount granted during the year	(2,422)
As of 31 December 2020G	**28,544**

SAR '000	Lease liabilities
Additions for the year	27,551
Disposals for the year	(2,662)
Transfer to the Al Holoul Al Mutakamela Holding Company	(3,935)
Cost of financing leases	1,109
Payments during the year	(14,024)
As of 31 December 2021G	**36,582**
Additions for the year	8,296
Disposals for the year	(2,091)
Transfer to the Al Holoul Al Mutakamela Holding Company	(2,632)
Cost of financing leases	1,139
Payments during the year	(14,733)
As of 31 December 2022G	**26,561**
Additions for the period	6,310
Disposals for the period	(1,612)
Transfer to the Al Holoul Al Mutakamela Holding Company	-
Cost of financing leases	1,162
Payments during the period	(10,557)
As of 30 September 2023G	**21,864**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and management information for the nine-month period ended 30 September 2023G.

The following table shows the lease liabilities as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.58: Lease Liabilities as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Lease liabilities – current portion	11,827	12,892	8,714	4,666
Lease liabilities – non-current portion	16,717	23,690	17,848	17,198
Total	**28,544**	**36,582**	**26,561**	**21,864**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

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 and related to: (1) head offices in Riyadh, Jeddah and Dammam; (2) branches for Raha Hourly and Raha Mouqeemah businesses; and (3) Distribution Centres for Raha Hourly business.

Lease liabilities increased from SAR 28.5 million as of 31 December 2020G to SAR 36.6 million as of 31 December 2021G, due to additions amounting to SAR 27.6 million in relation to twenty-five Distribution Centres (Replacement: three Distribution Centres, expansion/new: nine Distribution Centres, and renewal: thirteen Distribution Centres), coupled with cost of financing leases incurred in the financial year ended 31 December 2021G (SAR 1.1 million). This was partly offset by: (1) lease payments (SAR 14.0 million); (2) transfer to the Al Holoul Al Mutakamela Holding Company (SAR 3.9 million) related to Saudi Marafiq Company and Saudi Medical Company as part of the Group's re-organisation during the financial year ended 31 December 2021G; and (3) disposals for the year (SAR2.7 million) in relation to eight Distribution Centres (one in Al Qassim, one in Riyadh, one in Al Khobar, one in Baha, one in Mecca, one in Al Khobar, and two in Yanbu).

The balance decreased to SAR 26.6 million as of 31 December 2022G, mainly due to: (1) lease payments (SAR 14.7 million), coupled with; (2) transfer to the Holding Company (SAR 2.6 million) related to Esnad for Building & Housing Cleaning Services Company as part of the Group's re-organisation during the financial year ended 31 December 2022G; and (3) disposals for the year (SAR 2.1 million) in relation to three branches in Al Taif (replacement), Yanbu, and Al Qassim. The decrease was partially offset by: (1) additions amounting 8.3 million in relation to two branches in Mecca and Al Taif, one operation office in Al Jubail, and eight distribution centres (six Expansion/new distribution centres and two Renewal distribution centres); and (2) cost of financing leases incurred in the financial year ended 31 December 2022G (SAR 1.1 million).

Lease liabilities then decreased further to SAR 21.9 million as of 30 September 2023G, mainly due to: (1) lease payments (SAR 10.6 million), coupled with; (2) disposals for the year (SAR 1.6 million) in relation to one branch in Madinah (Replacement), and four distribution centres (one in Riyadh, one in Buraydah, one in Al Quway'iyah, and one in Yanbu). The decrease was partially offset by: (1) additions amounting 6.3 million in relation to three new branches in Dammam, Jeddah, and Riyadh, one branch in Madinah (replacement), and seven new distribution centres (three in Jeddah, one in Hafr Al Batin, one in Baha, and two in Riyadh); and (2) cost of financing leases incurred in the nine-month period ended 30 September 2023G (SAR 1.2 million).

6.8.3.7 Zakat Provision

The following table shows the zakat provision as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.59: Zakat Provision as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Balance at the start of the year/period	9,315	11,824	9,103	9,561
Zakat charged on profit or loss	13,157	7,884	11,709	11,057
Paid during the year/period	(10,648)	(10,430)	(11,252)	(12,262)
Transfer to the Al Holoul Al Mutakamela Holding Company	-	(174)	-	-
Balance at the end of the year/period	**11,824**	**9,103**	**9,561**	**8,356**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

zakat provision decreased from SAR 11.8 million as of 31 December 2020G to SAR 9.1 million as of 31 December 2021G, due to accruing lower zakat expense during the financial year ended 31 December 2021G, based on the zakat advisor's assessment, as the zakat returns for the years of 2019G-2021G were still under review by ZATCA.

zakat provision then increased to SAR 9.6 million as of 31 December 2022G, in line with the increase in zakat base over the same period.

zakat provision then decreased to SAR 8.4 million as of 30 September 2023G, in line with the decrease in zakat base over the same period.

6.8.4 Non-Current Liabilities

The following table shows the Non-Current Liabilities as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.60: Non-Current Liabilities as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Retained deposits – non-current portion	64,409	60,151	55,157	59,119
Employees' defined benefit obligation	72,732	75,805	85,317	96,031
Lease liabilities	16,717	23,690	17,848	17,198
Total non-current liabilities	**153,857**	**159,646**	**158,321**	**172,347**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Non-current liabilities increased from SAR 153.9 million as of 31 December 2020G to SAR 159.6 million as of 31 December 2021G, mainly due to the increase in lease liabilities by SAR 7.0 million, and Employees' defined benefit obligation by SAR 3.1 million. This was partially offset by the decrease in retained deposits by SAR 4.3 million.

Non-current liabilities then decreased to SAR 158.3 million as of 31 December 2022G, mainly due to the decrease in lease liabilities by SAR 5.8 million and retained deposits by SAR 5.0 million. This was partially offset by the increase in Employees' defined benefit obligation by SAR 9.5 million.

Non-current liabilities then increased to SAR 172.3 million as of 30 September 2023G, mainly due to the increase in Employees' defined benefit obligation by SAR 10.7 million and retained deposits by SAR 4.0 million. This was partially offset by the decrease in lease liabilities by SAR 0.7 million.

6.8.4.1 Employees' Defined Benefit Obligation

The following table shows the movement in employees' defined benefit obligation as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.61: Movement in Employees' Defined Benefit Obligation as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Management information
Balance at the start of the year/period	58,369	72,732	75,805	85,317
Current service cost	36,062	28,019	29,537	36,429
Interests' cost	1,120	1,277	1,188	-
Actuarial remeasurement charged to OCI	1,173	(63)	(902)	-
Transfer to the Al Holoul Al Mutakamela Holding Company	-	(663)	(64)	-
Transfers	-	(1,504)	607	-
Transferred to projects under progress during the year/period	82	-	-	-
Transferred to labour receivables during the year/period	730	-	-	-
Acquisition of Subsidiaries	-	-	347	-
Paid during the year/period	(24,804)	(23,992)	(21,201)	(25,715)
Balance at the end of the year/period	**72,732**	**75,805**	**85,317**	**96,031**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and management information for the nine-month period ended 30 September 2023G.

The following table shows the key actuarial assumptions related to employees' defined benefit obligation as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.62: Key Actuarial Assumptions Related to Employees' Defined Benefit Obligation as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	Financial Year Ended 31 December 2020G Audited		Financial Year Ended 31 December 2021G Audited		Financial Years Ended 31 December 2022G Audited		Nine-Month Period Ended 30 September 2023G Reviewed	
	Employees	Labour	Employees	Labour	Employees	Labour	Employees	Labour
Discount rate	2.1%	2.1%	1.8%	1.8%	4.2%	4.2%	4.3%	4.3%
Expected salary increase rate	1.5%	2.1%	2.2%	2.2%	2.8%	2.8%	4.3%	4.3%
Retirement age/ assumed exist	8.1 years	4.6 years	8.3 years	2.7 years	7.8 years	2.5 years	7.94 years	4.45 years

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and management information for the nine-month period ended 30 September 2023G.

The following table shows the sensitivity analysis of actuarial assumptions related to employee benefit liabilities as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.63: Sensitivity Analysis of Actuarial Assumptions Related to Employees' Defined Benefit Obligation as of 31 December 2020G, 2021G and 2022G

SAR '000	Financial Years Ended 31 December		
	2020G Audited	2021G Audited	2022G Audited
Discount rate			
1% increase	67,790	73,086	82,065
1% decrease	73,089	78,449	87,299
Expected salary increase			
1% increase	72,469	78,792	87,735
1% decrease	68,342	72,714	81,607

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G.

Employees' defined benefit obligation increased from SAR 72.7 million as of 31 December 2020G to SAR 75.8 million as of 31 December 2021G, mainly due to the decrease in discount rate from 2.1 per cent. in the financial year ended 31 December 2020G to 1.8 per cent. in the financial year ended 31 December 2021G, coupled with the increase in the expected salary increase rate from 1.5 per cent. and 2.1 per cent. for employees and labour, respectively, in the financial year ended 31 December 2020G to 2.2 per cent. in the financial year ended 31 December 2021G. This was partially offset by the decrease in headcount from 40,867 to 34,230 over the same period which resulted in a lower current service cost amounting to SAR 28.0 million in the financial year ended 31 December 2021G (compared to SAR 36.1 million in the financial year ended 31 December 2020G).

Employees' defined benefit obligation increased further to SAR 85.3 million as of 31 December 2022G, in line with the increase in headcount over the same period from 34,230 to 37,280 which resulted in a higher current service cost amounting to SAR 29.5 million in the financial year ended 31 December 2022G (compared to SAR 28.0 million in the financial year ended 31 December 2021G), coupled with the increase in the expected salary increase rate from 2.2 per cent. in the financial year ended 31 December 2021G to 2.8 per cent. in the financial year ended 31 December 2022G. This was partially offset by the increase in discount rate from 1.8 per cent. in the financial year ended 31 December 2021G to 4.2 per cent. in the financial year ended 31 December 2022G.

Employees' defined benefit obligation increased further to SAR 96.0 million as of 30 September 2023G, due to the increase in the expected salary increase rate from 2.8 per cent. in the financial year ended 31 December 2022G to 4.3 per cent. in the nine-month period ended 30 September 2023G. This was partially offset by the increase in discount rate from 4.2 per cent. in the financial year ended 31 December 2022G to 4.3 per cent. in the nine-month period ended 30 September 2023G, and the decrease in headcount from 37,280 to 35,315.

6.8.5 Equity

The following table shows the equity as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.64: Equity as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Share capital	400,000	400,000	400,000	400,000
Statutory reserve	62,084	77,129	92,154	92,154
Retained earnings	135,896	8,657	36,126	107,953
Total equity	**597,980**	**485,786**	**528,280**	**600,107**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Total equity decreased from SAR 598.0 million as of 31 December 2020G to SAR 485.8 million as of 31 December 2021G, mainly driven by a decrease in retained earnings from SAR 135.9 million as of 31 December 2020G to SAR 8.7 million as of 31 December 2021G, partially offset by the increase in statutory reserve from SAR 62.1 million as of 31 December 2020G to SAR 77.1 million as of 31 December 2021G.

Total equity increased to SAR 528.3 million as of 31 December 2022G, as a result of an increase in retained earnings from SAR 8.7 million as of 31 December 2021G to SAR 36.1 million as of 31 December 2022G, coupled with an increase in statutory reserve from SAR 77.1 million as of 31 December 2021G to SAR 92.2 million as of 31 December 2022G.

Total equity increased further to SAR 600.1 million as of 30 September 2023G, as a result of an increase in retained earnings from SAR 36.1 million as of 31 December 2022G to SAR 108.0 million as of 30 September 2023G.

6.8.5.1 Share Capital

The following table shows the share capital as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.65: Share Capital as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	2020G Audited			As of 31 December 2021G Audited			2022G Audited			As of 30 September 2023G Reviewed		
Name of Shareholder	Number of shares ('000)	Shareholding (%)	Value	Number of shares ('000)	Shareholding (%)	Value	Number of shares ('000)	Shareholding (%)	Value	Number of shares ('000)	Shareholding (%)	Value
Al Holoul Al Mutakamela Holding Company	-	-	-	-	-	-	28,000	70.0%	280,000	280,000	70.0%	280,000
Advanced Rafeed Investment Company	-	-	-	-	-	-	3,000	7.5%	30,000	30,000	7.5%	30,000
Mohammed Al Habib Holding Company	-	-	-	-	-	-	4,000	10.0%	40,000	20,000	5.0%	20,000
Maalem Al Masa Real Estate Company	-	-	-	-	-	-	-	-	-	20,000	5.0%	20,000
Fahad Ali Muhammad Al-Muhaidib	4,180	10.5%	41,800	4,180	10.5%	41,800	-	-	-	-	-	-
Saad Nahar Baddah Al-Mutairi	3,640	9.1%	36,400	3,640	9.1%	36,400	-	-	-	-	-	-
Abdullah Zamil Mohammed Alomar	3,380	8.5%	33,800	3,380	8.5%	33,800	-	-	-	-	-	-
Others	28,800	72.0%	288,000	28,800	72.0%	288,000	5,000	12.5%	50,000	50,000	12.5%	50,000
Total	**40,000**	**100.0%**	**400,000**	**40,000**	**100.0%**	**400,000**	**40,000**	**100.0%**	**400,000**	**400,000**	**100.0%**	**400,000**

Source: Management information.

Share capital amounted to SAR 400.0 million as of 31 December 2020G, 2021G 2022G and 30 September 2023G, and represents 40 million shares at a nominal value of SAR 10 per share as of 31 December 2020G, 2021G, and 2022G, and 400 million shares at a nominal value of SAR 1 per share as of 30 September 2023G, following the extraordinary General Assembly held on 29 May 2023G, in which the decision was taken to split of one share into ten equal shares, so that the number of shares becomes 400,000,000 shares of equal value at a nominal value of SAR 1 per share.

6.8.5.2 Statutory Reserve

The following table shows the statutory reserve as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.66: Statutory Reserve as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Statutory reserve	62,084	77,129	92,154	92,154
Total statutory reserve	**62,084**	**77,129**	**92,154**	**92,154**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

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 62.1 million and SAR 77.1 million as of 31 December 2020G and 2021G, respectively, and SAR 92.2 million as of 31 December 2022G and 30 September 2023G.

The General Assembly held on 29 May 2023G also approved the transfer of the statutory reserve into consensual reserve. The transfer was made on 23 October 2023G.

6.8.5.3 Retained Earnings

The following table shows the Retained Earnings as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.67: Retained Earnings as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Retained earnings	135,896	8,657	36,126	107,953
Total retained earnings	**135,896**	**8,657**	**36,126**	**107,953**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Retained earnings decreased from SAR 135.9 million as of 31 December 2020G to SAR 8.7 million as of 31 December 2021G, as result of the dividends paid to shareholders amounting to SAR 262.7 million in the financial year ended 31 December 2021G (SAR 150.2 million in cash and SAR 112.5 million in net assets transferred to the Al Holoul Al Mutakamela Holding Company as part of the Group re-organisation in the financial year ended 31 December 2021G), coupled with transfers made to the statutory reserve amounting to SAR 15.0 million in the financial year ended 31 December 2021G. This was partially offset by the Group's profit which amounted to SAR 150.5 million in the financial year ended 31 December 2021G.

Retained earnings then increased to SAR 36.1 million as of 31 December 2022G, driven by the Group's net profit which amounted to SAR 150.2 million in the financial year ended 31 December 2022G, coupled with other comprehensive income amounted to SAR 0.9 million in the financial year ended 31 December 2022G. This was partially offset by dividends paid to shareholders amounting to SAR 108.7 million in the financial year ended 31 December 2022G, and transfers made to the statutory reserve amounting to SAR 15.0 million in the financial year ended 31 December 2022G.

Retained earnings then increased to SAR 108.0 million as of 30 September 2023G, driven by the Group's net profit which amounted to SAR 121.8 million in the nine-month period ended 30 September 2023G, partially offset by dividends paid to shareholders amounting to SAR 50.0 million in the nine-month period ended 30 September 2023G.

Retained earnings then increased to SAR 108.0 million as of 30 September 2023G, driven by the Group's net profit which amounted to SAR 121.8 million in the nine-month period ended 30 September 2023G, partially offset by dividends paid to shareholders amounting to SAR 50.0 million in the nine-month period ended 30 September 2023G.

6.9 Contingent Liabilities

The following table shows the contingent liabilities as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.68: Contingent Liabilities and Commitments as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Reviewed
Guarantees	10,000	10,000	10,000	10,000
Capital commitments	37,900	1,000	5,060	1,900
Legal claims	-	-	-	-
Total contingent liabilities	**47,900**	**11,000**	**15,060**	**11,900**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

6.9.1 Guarantees

As of 31 December 2020G, 2021G and 2022G, and 30 September 2023G, the Group had a guarantee of SAR 10.0 million in the form of time Murabaha deposits – non-current, which is related to the Group licence issued by the MHRSD.

6.9.2 Capital Commitments

The Group has capital commitments of SAR 37.9 million, SAR 1.0 million, SAR 5.1 million, and SAR 1.9 million as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G, respectively, in relation to projects under progress related to accommodation complex project (Stage 2).

6.9.3 Legal Claims

The Group faces legal suits during the regular business cycle, which are being defended. While the final results of these suits cannot be certainty determined, no material adverse impact on the Group's consolidated financial statements is expected.

6.10 Statement of Cash Flows

The following table shows the statement of cash flows for the financial years ended 31 December 2020G, 2021G and 2022G and the Nine-Month Period Ended 30 September 2023G:

Table 6.69: Statement of Cash Flows for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Nine-Month Period Ended 30 September 2023G

SAR '000	Financial Years Ended 31 December			Nine-Month Period Ended 30 September	
	2020G Audited	2021G Audited	2022G Audited	2022G Reviewed	2023G Reviewed
Cash flows from operating activities					
Profit before Zakat	138,037	150,455	150,249	118,515	132,884
Adjustments:					
Expected / (Reversal) credit loss on trade receivable	1,122	4,000	(985)	115	2,808
Amortisation of visas in use	33,145	20,099	30,951	18,288	21,272
Depreciation and amortisation	42,783	37,652	35,113	23,147	25,928
Losses from discontinued operations	-	-	-	7,327	-
Time Murabaha Deposits income	-	-	-	(466)	(10,776)
Zakat provision for the year / period	13,157	7,884	11,709	-	-
Losses / (Gains) from disposal of property and equipment	1,345	(6,878)	(5,378)	(5,088)	(1,301)

SAR '000	Financial Years Ended 31 December			Nine-Month Period Ended 30 September	
	2020G Audited	2021G Audited	2022G Audited	2022G Reviewed	2023G Reviewed
Leases adjustment	(2,839)	55	596	-	-
Current cost of employees' defined benefit obligation	36,062	28,019	29,537	22,727	36,429
Interest cost on employees' defined benefit obligation	1,120	1,277	1,188		-
Interest cost on lease liabilities	1,514	1,109	1,139	850	1,160
Revaluation of shares' investments at fair value through profit or loss	17	(70)	(601)	(543)	(617)
Changes in working capital					
Trade receivables	(12,060)	(9,740)	2,426	(38,761)	(67,186)
Inventory	(769)	-	-		-
Prepayments and other debit balances	74,786	(22,441)	28,536	(13,487)	55,175
Due from / to Related Parties	-	18,876	(19,489)	(11,215)	(2,004)
Available visas	(13,702)	(29,860)	(40,089)	(39,159)	(17,460)
Retained deposits	(8,723)	1,924	(1,132)	2,703	(2,904)
Unearned revenue	8,939	(19,464)	5,008	11,312	(26,057)
Trade payables	9,886	(15,021)	3,650	1,135	14,814
Accrued expenses and other credit balances	5,638	(10,986)	(4,781)	25,108	25,695
Cash flows from operations	**329,457**	**156,891**	**227,566**	**122,517**	**187,861**
Employees' defined benefit obligations paid	(24,804)	(23,992)	(21,201)	(14,435)	(25,715)
Zakat paid	(10,648)	(10,430)	(11,252)	(11,252)	(12,162)
Net cash flows from operating activities	**294,005**	**122,470**	**195,192**	**96,830**	**149,984**
Cash flows from investing activities					
Time Murabaha deposit	(125,000)	95,000	(40,000)	10,000	(155,000)
Proceeds from Time Murabaha Deposits income	-	-	-	466	10,776
Investments at fair value through profit or loss	-	(74)	2,649	3,108	(614)
Purchases of property and equipment	(19,693)	(6,618)	(17,379)	(12,029)	(12,931)
Proceeds from sale of property and equipment	121	18,984	11,181	6,969	1,568
Additions to projects under progress	(45,689)	(4,166)	(19,776)	(10,922)	(5,270)
Disposed cash and cash equivalents for Subsidiaries	-	(9,021)	-		-
Net cash flows (used in) / from investing activities	**(190,262)**	**94,017**	**(63,325)**	**(2,408)**	**(161,470)**
Cash flows from financing activities					
Cash dividends	(75,000)	(150,216)	(108,657)	(58,657)	(50,000)
Lease liabilities paid	(14,666)	(14,024)	(14,733)	(10,623)	(10,557)
Net cash flows used in financing activities	**(89,666)**	**(164,240)**	**(123,390)**	**(69,281)**	**(60,557)**
Net change in cash and cash equivalents	14,078	52,245	8,476	25,141	(72,043)
Cash and cash equivalents at the beginning of the year / period	41,361	55,439	107,684	103,221	116,160
Cash and cash equivalents at the end of the year / period	**55,439**	**107,684**	**116,160**	**128,363**	**44,117**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the Group's reviewed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

6.10.1 Net Cash Flows from Operating Activities

Net cash flows from operating activities decreased by SAR 171.5 million from SAR 294.0 million in the financial year ended 31 December 2020G to SAR 122.5 million in the financial year ended 31 December 2021G, mainly driven by the increase in prepayments and other debit balances (negative cash flow of SAR 97.2 million) following the increase in recruitment fees by SAR 35.5 million in line with the increase in the new deployments. This was coupled with the decrease in unearned revenue by SAR 28.4 million, trade payables by SAR 24.9 million, and accrued expenses and other credit balances by SAR 16.6 million.

Net cash flows from operating activities then increased by SAR 72.7 million to SAR 195.2 million in the financial year ended 31 December 2022G, mainly driven by the increase in prepayments and other debit balances by SAR 51.0 million following the decrease in residence and work permit fees by SAR 79.7 million as result of the decision that was issued by the Saudi Council of Ministers to allow work permit fees to be paid quarterly instead of annually. This was coupled with the increase in unearned revenue by SAR 24.5 million.

Net cash flows from operating activities increased by SAR 53.2 million from SAR 96.8 million in the nine-month period ended 30 September 2022G to SAR 150.0 million in the nine-month period ended 30 September 2023G mainly driven by the decrease in prepaid expenses and other receivable balances by SAR 68.7 million.

6.10.2 Net Cash Flows (used in) / Generated from Investing Activities

Net cash from investing activities increased from (SAR 190.3 million) in the financial year ended 31 December 2020G to SAR 94.0 million in the financial year ended 31 December 2021G mainly driven by the decrease in time Murabaha deposits by SAR 220.0 million, coupled with the decrease in additions to projects under progress by SAR 41.5 million.

Net cash from investing activities then decreased by SAR 157.3 million to (SAR 63.3 million) in the financial year ended 31 December 2022G mainly driven by the increase in cash flows into time Murabaha deposits by SAR 135.0 million, coupled with the increase in capex in relation to projects under progress by SAR 15.6 million.

Net cash from investing activities then increased by SAR 159.1 million from (SAR 2.4 million) in the nine-month period ended 30 September 2022G to (SAR 161.5 million) in the nine-month period ended 30 September 2023G mainly driven by the increase in investment in Murabaha term deposits by (SAR 165.0 million).

6.10.3 Net Cash Flows used in Financing Activities

Net cash used in financing activities increased by SAR 74.6 million from SAR 89.7 million in the financial year ended 31 December 2020G to SAR 164.2 million in the financial year ended 31 December 2021G following the increase in cash dividends by SAR 75.2 million.

Net cash used in financing activities decreased by SAR 40.9 million from (SAR 164.2 million) in the financial year ended 31 December 2021G to (SAR 123.4 million) in the financial year ended 31 December 2022G mainly driven by the decrease in cash dividends by SAR 41.6 million.

Net cash used in financing activities decreased by SAR 8.7 million from (SAR 69.3 million) in the nine-month period ended 30 September 2022G to (SAR 60.6 million) in the nine-month period ended 30 September 2023G mainly driven by the decrease in cash dividends by SAR 8.7 million. The Group distributed additional dividends amounted to SAR 120.0 million for the financial year ending 31 December 2023G based on the Board of Directors' resolution dated 6 Muharram 1445H (corresponding to 14 December 2023G) in accordance with the authorisation issued to him by the General Assembly on 5 Rabi' al-Thani 1445H (corresponding to 28 November 2023G).

6.11 Management's Discussion and Analysis of Financial Condition and Results of Operations of Saudi Logistics Services Company Limited

Management's discussion and analysis which follow provide an analytical review of the financial position and operational performance of the results of Saudi Logistics Services Company for the financial years ended 31 December 2020G, 2021G, and 2022G and for the nine-month periods ended 30 September 2022G and 2023G. The financial information presented in this Section is based on the audited consolidated financial statements of Saudi Logistics Services Company for the financial years ended 31 December 2020G, 2021G and 2022G as well as management information for the nine-month periods ended 30 September 2022G and 2023G. The financial statements of Saudi Logistics Services Company were prepared in accordance with the International Financial Reporting Standards endorsed in the Kingdom and have been audited by the Auditors.

6.11.1 Statement of Comprehensive Income for the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Periods Ended 30 September 2022G and 2023G

The following table shows the statement of comprehensive income for the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month periods ended 30 September 2022G and 2023G:

Table 6.70: Statement of Comprehensive Income for the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Periods Ended 30 September 2022G and 2023G

SAR '000	Financial Years Ended 31 December			Nine-Month Periods Ended 30 September	
	2020G Audited	2021G Audited	2022G Audited	2022G Management Information	2023G Management Information
Revenue	-	7,390	103,870	78,123	58,961
Cost of revenue	-	(6,584)	(91,148)	(66,311)	(63,293)
Gross profit	-	806	12,723	11,812	(4,332)
General and administrative expenses	(164)	(574)	(1,428)	(1,512)	(561)
Operating profits	(164)	232	11,294	10,300	(4,893)
Finance cost	-	(11)	(2,820)	(2,116)	(1,997)
Other income	-	-	1,581	139	1,341
Net income before Zakat	(164)	221	10,055	8,322	(5,549)
Zakat expense	-	(84)	(186)	(33)	(270)
Net income for the year/ period after Zakat	(164)	137	9,869	8,289	(5,819)
Other comprehensive income for the year/period					
Remeasurement on employees' defined benefit obligations	-	-	41	-	-
Total comprehensive income for the year /period	**(164)**	**137**	**9,910**	**8,289**	**(5,819)**

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and management information for the nine-month periods ended 30 September 2022G and 2023G.

6.11.1.1 Revenue

Revenue is generated from transportation services, accommodation services and others rendered mainly to the Company. These results are included in the Groups financial statements and eliminated on consolidation.

Revenue increased from nil in the financial year ended 31 December 2020G to SAR 7.4 million in the financial year ended 31 December 2021G due to the commencement of the Company's operations in the fourth quarter of 2021G following the transfer of certain operational and distribution centre employees from the Company to the SLSC, as part of the Group's re-organisation during the financial year ended 31 December 2021G, to manage all the logistic services of the Company.

Revenue then increased further to SAR 103.9 million in the financial year ended 31 December 2022G as a result of the full-year impact, coupled with the transfer of all the distribution centres and the fleet of vehicles, and the remaining operational and DCs employees, from the Company to SLSC, which resulted in the increase in revenue from accommodation services by SAR 52.7 million and revenue from transportation services by SAR 43.6 million.

Revenue decreased from SAR 78.1 million in the nine month period ended 30 September 2022G to SAR 59.0 million in the nine month period ended 30 September 2023G driven by the change of the Company contract from cost-plus (based on budget headcount billing) to actual cost (based on actual headcount billing), coupled with the decrease in the average manpower of the Company, the key customer of the Company, from 36,829 in the nine month period ended 30 September 2022G to 35,315 in the nine month period ended 30 September 2023G, which resulted in lower operation.

6.11.1.2 Cost of Revenue

Cost of revenue comprised mainly of: (1) salaries and other benefits related to operational and distribution centre employees; (2) transportation expenses related to the fleet of vehicles mainly in connection with Raha Hourly workers; (3) food expenses related to all the new workers or unutilised workers or any other workers living in the accommodation complex project stage 1; (4) depreciation related mainly to the fleet of vehicles, distribution centres, and accommodation complex project stage 1; (5) maintenance related mainly to the fleet of vehicles, distribution centres, and accommodation complex project stage 1; (6) cleaning expenses; and (7) communication expenses, and others.

Cost of revenue increased from nil in the financial year ended 31 December 2020G to SAR 6.6 million in the financial year ended 31 December 2021G due to the commencement of the Company's operations in the fourth quarter of 2021G. Cost of revenue in the financial year ended 31 December 2021G mainly related to salaries and other benefits (SAR 5.1 million) and transportation and food expenses (SAR 0.8 million).

Cost of revenue then increased further to SAR 91.1 million in the financial year ended 31 December 2022G in line with the increase in revenue and the full-year impact, which resulted in the increase in transportation and food expenses by SAR 25.6 million, salaries and other benefits by SAR 14.2 million, communication expenses by SAR 13.5 million, right-of-use depreciations by SAR 13.4 million, and depreciation by SAR 12.1 million.

Cost of revenue decreased from SAR 66.3 million in the nine-month period ended 30 September 2022G to SAR 63.3 million in the nine-month period ended 30 September 2023G primarily due to the decrease in revenue over the same period, resulting in lower maintenance expenses (SAR 6.7 million), coupled with the decrease in manpower deployed of the Company over the same period.

6.11.1.3 Gross Profit

Gross profit margin increased from 10.9 per cent. in the financial year ended 31 December 2021G to 12.2 per cent. in the financial year ended 31 December 2022G mainly driven by a higher increase in revenue (+1,305.5 per cent.) than cost of revenue (+1,284.5 per cent.) over the same period.

Gross profit margin decreased from 15.1 per cent. in the nine-month period ended 30 September 2022G to (7.3 per cent.) in the nine-month period ended 30 September 2023G, mainly driven by a higher decrease in revenue (-24.5 per cent.) than cost of revenue (-4.6 per cent.) over the same period.

6.11.1.4 General and Administrative Expenses

G&A expenses comprised mainly of salaries and other benefits, rent expenses, depreciation expenses, professional and consulting fees and others.

G&A expenses increased from SAR 0.2 million in the financial year ended 31 December 2020G to SAR 0.6 million in the financial year ended 31 December 2021G mainly driven by the increase in salaries and other benefits by SAR 0.3 million due to the transfer of certain operational employees from the Company to SLSC in the financial year ended 31 December 2021G.

G&A increased to SAR 1.4 million in the financial year ended 31 December 2022G mainly driven by the increase in salaries and other benefits by SAR0.6 million due to the transfer of the remaining operational and DCs employees from the Company to the company in the financial year ended 31 December 2022G, coupled with the increase in professional and consulting fees by SAR 0.1 million due to the audit fees.

G&A decreased from SAR 1.5 million in the nine-month period ended 30 September 2022G to SAR 0.6 million in the nine-month period ended 30 September 2023G mainly driven by the decrease in salaries and other benefits by SAR 0.7 million due to the change in classification of some employees from G&A to cost of revenues, coupled with the decrease in IT service charges by SAR 0.3 million due to the completion of IT related projects.

6.11.1.5 Finance Costs

Finance cost represents the interest costs on lease liabilities.

Finance cost increased from SAR 11 thousand in the financial year ended 31 December 2021G to SAR 2.8 million in the financial year ended 31 December 2022G in line with the increase in lease liability balance over the same year, following the addition of the accommodation complex project stage 1 and eight distribution centres, in addition to the transfer of distribution centres from the Company.

Finance costs slightly decreased from SAR 2.1 million in the nine-month period ended 30 September 2022G to SAR 2.0 million in the nine-month period ended 30 September 2023G in line with the decrease in lease liability balance.

6.11.1.6 Other Income

Other income amounted to SAR 1.6 million in the financial year ended 31 December 2022G and primarily comprised of income from Human Resources Development Fund (SAR 1.1 million), gains from the disposal of fixed assets (SAR 0.3 million), income from rent (SAR 0.3 million), and others (SAR 2 thousand).

Other income increased from SAR 0.1 million in the nine-month period ended 30 September 2022G to SAR 1.3 million in the nine-month period ended 30 September 2023G mainly driven by the increase in gain from the disposal of fixed assets by SAR 1.3 million.

6.11.1.7 Zakat Expense

Zakat increased from nil in the financial year ended 31 December 2020G to SAR 84 thousand and SAR 0.2 million in the financial year ended 31 December 2021G and the financial year ended 31 December 2022G, respectively, in line with the increase in zakat base over the same periods.

Zakat increased from SAR 33 thousand in the nine-month period ended 30 September 2022G to SAR 0.3 million in the nine-month period ended 30 September 2023G as result of accruing higher zakat expenses at the period end, based on the Zakat advisor's assessment, which may be revised at year end.

6.11.2 Statement of Financial Position as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

The following table shows the statement of financial position as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G:

Table 6.71: Statement of Financial Position as of 31 December 2020G, 2021G and 2022G, and 30 September 2023G

SAR '000	As of 31 December			As of 30 September
	2020G Audited	2021G Audited	2022G Audited	2023G Management Information
Current assets	836	2,971	18,627	16,383
Non-current assets	-	3,161	102,554	95,238
Total assets	836	6,132	121,182	111,621
Current liabilities	-	3,886	16,132	19,239
Non-current liabilities	-	1,273	57,167	50,318
Total liabilities	**-**	**5,159**	**73,299**	**69,557**
Total equity	**836**	**973**	**47,883**	**42,064**
Total liabilities and equity	**836**	**6,132**	**121,182**	**111,621**

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and management information for the nine-month periods ended 30 September 2022G and 2023G.

6.11.2.1 Current Assets

Current assets increased from SAR 0.8 million as of 31 December 2020G to SAR 3.0 million as of 31 December 2021G, mainly due to:

- an increase in cash and cash equivalents, from nil as of 31 December 2020G to SAR 0.8 million as of 31 December 2021G, mainly related to the net cash from operating activities (SAR 2.1 million), partially offset by the purchase of property plant and equipment (SAR 0.8 million) and lease liabilities payments (SAR 0.5 million);
- an increase in trade receivables, from nil as of 31 December 2020G to SAR 0.6 million as of 31 December 2021G, mainly driven by the increase in revenue from third parties over the same period;
- an increase in due from related parties from SAR 0.7 million as of 31 December 2020G to SAR 1.2 million as of 31 December 2021G; and
- an increase in prepayment and other debit balances from 0.1 million as of 31 December 2020G to SAR 0.4 million as of 31 December 2021G.

Current assets increased by SAR 15.7 million to SAR 18.6 million as of 31 December 2022G, mainly due to:

- an increase in cash and cash equivalents by SAR 13.5 million, mainly related to the net cash from operating activities (SAR 40.5 million), partially offset by lease liabilities payments (SAR 14.9 million) and the purchase of property plant and equipment (SAR 12.2 million);
- an increase in prepayment and other debit balances by SAR 2.6 million, mainly driven by the increase in insurance and medical examination by SAR 1.2 million related to the fleet of vehicles and the employees respectively, and advances to suppliers by SAR 0.4 million mainly in connection with the communication and maintenance expenses related to the fleet of vehicles;
- an increase in trade receivables by SAR 0.4 million, mainly driven by the increase in revenue from third parties over the same period, partially offset by; and
- a decrease in due from related parties by SAR 0.8 million.

Current assets decreased to SAR 16.4 million as of 30 September 2023G, mainly due to:

- a decrease in cash and cash equivalents by SAR 12.4 million, mainly due to lease liabilities payments (SAR 11.4 million), coupled with net purchase of property plant and equipment (SAR 10.4 million), partially offset by the net cash from operating activities (SAR 9.4 million);
- a decrease in prepayment and other debit balances by SAR 0.9 million, partially offset by; and
- an increase in due from related parties by SAR 10.9 million related to the Company due to the settlement of intercompany balances usually at year end.

6.11.2.2 Non-Current Assets

Non-current assets increased from nil as of 31 December 2020G to SAR 3.2 million as of 31 December 2021G, mainly due to:

- an increase in right-of-use assets, from nil as of 31 December 2020G to SAR 2.4 million as of 31 December 2021G, due to the additions during the year (SAR 2.4 million) in connection with a distribution centre in Riyadh. This was partially offset by the depreciation charged during the year (SAR 62 thousand); and
- an increase in property and equipment, from nil as of 31 December 2020G to SAR 0.8 million as of 31 December 2021G, mainly related to the additions during the year (SAR 0.8 million) in connection with electrical equipment and signboards (SAR 0.3 million), vehicles (SAR 0.3 million), and computers software and devices (SAR 0.2 million). This was partially offset by the depreciation charged during the year (SAR 17 thousand).

Non-current assets increased to SAR 102.6 million as of 31 December 2022G, mainly due to:

- an increase in right-of-use assets by SAR 69.5 million, mainly related to additions during the year (SAR 52.8 million) in connection with the accommodation complex project stage 1 (SAR 45.9 million) and eight distribution centres (SAR 6.9 million). This was coupled with the transfer from the Company (SAR 30.1 million), as part of part of the Group's re-organisation during the year ended 31 December 2022G and related to distribution centres. This was partially offset by the depreciation charged during the year (SAR 13.4 million); and
- an increase in property and equipment by SAR 29.9 million mainly related to the transfer from the Company (SAR 30.7 million) as part of part of the Group's re-organisation during the financial year ended 31 December 2022G, and it relates to vehicles (SAR 21.5 million), furniture and fixtures (SAR 3.8 million), electrical equipment and signboards (SAR 3.3 million), leasehold improvements (SAR 1.1 million), and computers software and devices (SAR 0.4 million). This was coupled with additions during the year (SAR 12.2 million) in connection with addition to the fleet (SAR 8.9 million), furniture and fixtures (SAR 2.0 million), computers software and devices (SAR 0.7 million), and electrical equipment and signboards (SAR 0.5 million). This was partially offset by the depreciation charged during the year (SAR 12.1 million), and disposals (SAR 0.2 million).

Non-current assets decreased to SAR 95.2 million as of 30 September 2023G, mainly due to:

- a decrease in right-of-use assets by SAR 8.6 million, mainly related to the depreciation charged during the period (SAR 10.5 million), coupled with disposals during the period (SAR 1.4 million) related to four distribution centres, partially offset by additions during the period (SAR 3.1 million) in relation to seven distribution centres, partially offset by; and
- an increase in property and equipment by SAR 1.2 million mainly related to the additions during the period (SAR 12.0 million) in connection with the fleet (SAR 10.3 million), furniture and fixtures (SAR 1.5 million), computers software and devices (SAR 0.1 million). This was partially offset by the depreciation charged during the period (SAR 10.5 million), and disposals (SAR 0.3 million).

6.11.2.3 Current Liabilities

Current liabilities increased from nil as of 31 December 2020G to SAR 3.9 million as of 31 December 2021G, mainly due to:

- an increase in due to related parties, from nil as of 31 December 2020G to SAR 2.1 million as of 31 December 2021G,
- an increase in accrued expenses and other credit balances, from nil as of 31 December 2020G to SAR 0.8 million as of 31 December 2021G, mainly driven by the increase in accrued salaries in line with the increase in average number of employees, coupled with the increase in accrued electricity and water, as result of higher accruals as of 31 December 2021G driven by three months of operation compared to no operation as of 31 December 2020G; and
- an increase in lease liabilities, from nil as of 31 December 2020G to SAR 0.8 million as of 31 December 2021G, mainly related to the additions during the year (SAR 2.4 million) in connection with a distribution centre in Riyadh, coupled with finance cost on lease obligations during the year (SAR 11 thousand). This was partially offset by the payments during the year (SAR 0.5 million).

Current liabilities increased to SAR 16.1 million as of 31 December 2022G, mainly due to:

- an increase in lease liabilities by SAR 10.3 million, mainly related to (1) additions during the year in connection with the accommodation complex project stage 1 and eight distribution centres, (2) transfer from the Company as part of part of the Group's re-organisation during the financial year ended 31 December 2022G, and related to distribution centres, and (3) finance cost on lease obligations during the year. This was partially offset by the payments during the year;
- an increase in trade payables by SAR 1.8 million mainly driven by the increase in insurance expense, communication expense, and maintenance expense over the same period;
- an increase in accrued expenses and other credit balances by SAR 1.1 million, mainly driven by the increase in accrued salaries in line with the increase in average number of employees, coupled with the increase in accrued electricity and water, as result of higher accruals as of 31 December 2022G driven by twelve months of operation compared to the accruals as of 31 December 2021G driven by three months of operation, partially offset by; and
- a decrease in due to related parties by SAR 1.1 million.

Current liabilities increased to SAR 19.2 million as of 30 September 2023G, mainly due to:

- an increase in trade payables by SAR 1.9 million mainly driven by the increase in insurance expense, communication expense, and maintenance expense over the same period;
- an increase in unearned revenue by SAR 1.3 million and represents advance payments related to a rent contract with a supplier to manage the catering services in the accommodation complex project stage 1;
- an increase in accrued expenses and other credit balances by SAR 1.0 million, mainly driven by the increase in accrued salaries in line with the increase in average number of employees, coupled with the increase in accrued electricity and water, in line with the increase in number of distribution centres, partially offset by; and
- a decrease in lease liabilities by SAR 0.6 million mainly related to the payments during the period, coupled with disposals during the period related to four distribution centres. This was partially offset by additions during the period mainly in relation to seven distribution centres, and finance cost on lease obligations.

6.11.2.4 Non-Current Liabilities

Non-current liabilities increased from nil as of 31 December 2020G to SAR 1.3 million as of 31 December 2021G, mainly due to an increase in lease liabilities, from nil as of 31 December 2020G to SAR 1.2 million as of 31 December 2021G, mainly related to the additions during the year in connection with a distribution centre in Riyadh, coupled with finance cost on lease obligations during the year. This was partially offset by lease payments during the year.

Non-current liabilities increased by SAR 55.9 million to SAR 57.2 million as of 31 December 2022G, mainly due to an increase in lease liabilities by SAR 55.8 million, mainly related to: (1) additions during the year in connection with the accommodation complex project stage 1 and eight distribution centres; (2) transfer from the Company as part of part of the Group's re-organisation during the financial year ended 31 December 2022G, and related to distribution centres; and (3) finance cost on lease obligations during the year. This was partially offset by the lease payments during the year.

Non-current liabilities decreased to SAR 50.3 million as of 30 September 2023G, mainly due to a decrease in lease liabilities by SAR 7.1 million mainly related to the payments during the period, coupled with disposals during the period related to four distribution centres. This was partially offset by additions during the period mainly in relation to seven distribution centres, and finance cost on lease obligations.

6.11.2.5 Equity

Total equity increased from SAR 836 thousand as of 31 December 2020G to SAR 973 thousand as of 31 December 2021G, mainly driven by an increase in retained earnings by SAR 0.1 million, due the profit of the year (SAR 0.1 million).

Total equity increased to SAR 47.9 million as of 31 December 2022G, mainly driven by the increase in: (1) additional paid in capital by SAR 37.0 million related to the NBV of property and equipment and right of use transferred from the Company with a total amount of SAR 34.9 million as per the agreement signed on 1 January 2022G, in addition to a balance due to the Company amounting to SAR 2.1 million; and (2) retained earnings by 9.6 million driven by the net profit for the year (SAR 9.9 million), coupled with other comprehensive income (SAR 41 thousand), partially offset by transfers made to the statutory reserve (SAR 0.3 million).

Total equity decreased to SAR 42.1 million as of 30 September 2023G, mainly driven by a decrease in retained earnings by SAR 5.8 million, due the loss for the period (SAR 5.8 million).

6.11.3 Statement of Cash Flow for the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Period Ended 30 September 2023G

The following table shows the statement of cash flow for the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G:

Table 6.72: Statement of Cash Flow for the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Period Ended 30 September 2023G

SAR '000	Financial Years Ended 31 December			Nine-Month Period Ended 30 September	
	2020G Audited	2021G Audited	2022G Audited	2022G Management Information	2023G Management Information
Net (loss) / income before Zakat	(164)	137	9,869	8,289	(5,819)
Net cash (used in) / from operating activities	(1,000)	2,085	40,490	16,348	9,443
Net cash used in investing activities	-	(794)	(12,161)	(9,405)	(10,384)
Net cash flows from / (used in) financing activities	1,000	(530)	(14,875)	(6,472)	(11,427)
Net change in cash and cash equivalents	**-**	**761**	**13,454**	**472**	**(12,368)**
Cash and cash equivalents at the beginning of the year / period	-	-	761	761	14,216
Cash and cash equivalents at the end of the year/period	**-**	**761**	**14,216**	**1,233**	**1,848**

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, and management information for the nine-month periods ended 30 September 2022G and 2023G.

6.11.3.1 Net Cash (Used In) / from Operating Activities

Net Cash from Operating Activities in the financial year ended 31 December 2021G increased by SAR 3.1 million mainly driven by the increase in Related Party balances by SAR 2.3 million following the increase in due to the Company balance by SAR 2.9 million driven by expenses paid by the latter on behalf of SLSC. This was coupled with the increase in accrued expenses and other credit balances by SAR 806 thousand related to VAT, accrued vacations and travel tickets, accrued salaries and wages, and others.

The further increase in net cash from operating activities by SAR 38.4 million in the financial year ended 31 December 2022G was mainly due to the increase in depreciation for the year by SAR 25.5 million, coupled with the increase in net profit by SAR 9.7 million and interest cost on lease liabilities by SAR 2.8 million.

Net cash from operating activities decreased from SAR 16.4 million in the nine-month period ended 30 September 2022G to SAR 9.4 million in the nine-month period ended 30 September 2023G, mainly due to the decrease in net profits by SAR 14.1 million.

6.11.3.2 Net Cash Used in Investing Activities

Net cash used in investing activities in the financial year ended 31 December 2021G increased by SAR 794 thousand driven by the additions to property and equipment amounting to SAR 0.8 million.

Net cash used in investing activities then increased further by SAR 11.4 million in the financial year ended 31 December 2022G driven by the increase in additions to property and equipment by 11.4 million.

Net cash used in investing activities increased from (SAR 9.4 million) in the nine-month period ended 30 September 2022G to (SAR 10.4 million) in the nine-month period ended 30 September 2023G, mainly driven by additions to property and equipment by SAR 2.5 million.

6.11.3.3 Net Cash from / (Used In) Financing Activities

Net cash from financing activities decreased by SAR 1.5 million following the decrease in movement in paid in capital by SAR 1.0 million, coupled with the increase in lease liabilities payments by SAR 0.5 million.

Net cash used in financing activities increased to (SAR 14.9 million) in the financial year ended 31 December 2022G driven by the increase in lease liabilities payments by SAR 14.3 million.

Net cash used in financing activities increased from (SAR 6.5 million) in the nine-month period ended 30 September 2022G to (SAR 11.4 million) in the nine-month period ended 30 September 2023G driven by the increase in lease liabilities payments by SAR 5.0 million.


سماسكو
SMASCO

7. DIVIDEND DISTRIBUTION POLICY

Pursuant to Article 107 of the Companies Law, each Shareholder is entitled to the rights attached to each of its Shares, including the right to dispose of them and the right to attend Shareholders' assemblies, participate in its deliberations and vote in its decisions and the right to receive a portion of the dividends that are to be declared. The declaration and distribution of any 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, as Article 42 states that after deducting all general expenses and other costs, the Company's annual net profits shall be allocated as follows:

- 10 per cent. of the net profits shall be set aside for the formation of the Company's statutory reserve; this shall cease when the statutory reserve reaches 30 per cent. of the paid-up capital;
- the Ordinary General Assembly may, when determining dividends from the net profit, decide to create reserves to serve the Company's interest or to ensure the distribution of fixed dividends – so far as possible – to the Shareholders. The Ordinary General Assembly may also deduct amounts from the net profits to achieve social purposes for the Company's employees;
- the Ordinary General Assembly shall determine the percentage of the net profits to be distributed to the Shareholders after deducting for any reserves, if applicable; and
- the Company may distribute interim dividends quarterly or semi-annually pursuant to a resolution of the Board of Directors.

According to the Company's Dividend Policy, the remaining net profits of at least five per cent. of the paid-up capital are paid as dividends to Shareholders with a target of distributing 75 per cent. of the profit of the year in question, with the possibility that such distributions will be paid in interim upon the recommendation of the Board of Directors in their meetings to review the interim financial results for the financial year subject to distribution, and final distributions to be paid in the following year after the convening of the General Assembly and the adoption of the final financial statements for the financial year subject to distribution, unless the General Assembly decides otherwise.

The following table is a summary of the profits that the Company has announced and distributed since the beginning of 2020G:

Table 7.1: Profits Declared and Distributed in the financial years ended 31 December 2020G, 2021G and 2022G, and the Nine-Month Period Ended 30 September 2023G

Thousand (SAR)	Financial Year ended 31 December			Nine-Month Period Ended 30 September	
	2020G (1)	2021G (2)	2022G (3)	2022G (4)	2023G (5)
Distributions for the Period	75,000	262,712	108,657	58,657	50,000
Dividends Paid During the Period	75,000	262,712(6)	108,657	58,657	50,000
Net Income for The Period for Which the Distribution was Made	138,037	150,455	150,249	109,871	121,827
The Ratio of Declared Dividends to Net Income for the Period for Which the Distribution was Made	54%	175%	72%	53%	41%

Source: The Company.

(1) The General Assembly approved the distribution of profits for the financial years ended 31 December 2020G at its meeting held on 1 Thul- Qi'dah 1441H (corresponding to 22 June 2020G) in the amount of SAR 30 million. At its meeting held on 29 Rabi' al-Awwal 1442H (corresponding to 15 November 2020G), the General Assembly approved the distribution of profits in the amount of SAR 45 million.

(2) The General Assembly approved the distribution of profits for the financial years ended 31 December 2021G at its meeting held on 27 Ramadan 1442H (corresponding to 9 May 2021G) in the amount of SAR 120 million. At its meeting held on 15 Jumada al-Ula 1443H (corresponding to 19 December 2021G), the General Assembly approved the distribution of profits in the amount of SAR 5 million. In addition, during the General Assembly meeting held on 28 Rajab 1443H (corresponding to 1 March 2022G) they approved the distribution of profits in the amount of SAR 137.7 million.

(3) The General Assembly approved the distribution of profits for the financial years ended 31 December 2022G at its meeting held on 28 Rajab 1443H (corresponding to 1 March 2022G) in the amount of SAR 8.7 million. In addition, based on the authorisation issued by the General Assembly on 28 Rajab 1443H (corresponding to 1 March 2022G), the Board of Directors approved the distribution of interim dividends in the amount of SAR 50 million at its meeting held on 22 Rajab 1445H (corresponding to 20 April 2022G). During the meeting held 17 Jumada al-Ula 1444H (corresponding to 11 December 2022G) they approved the distribution of profits in the amount of SAR 50 million.

(4) The General Assembly approved the distribution of profits for the nine-month period ended 30 September 2022G at its meeting held on 28 Rajab 1443H (corresponding to 1 March 2022G) in the amount of SAR 8.7 million. In addition, based on the authorisation issued by the General Assembly on 28 Rajab 1443H (corresponding to 1 March 2022G), the Board of Directors approved the distribution of interim dividends in the amount of SAR 50 million in its decision issued on 19 Ramadan 1443H (corresponding to 20 April 2022G).

(5) Based on the authorisation issued by the General Assembly on 22 Rabi' al-Thani 1444H (corresponding to 29 May 2023G), the Board of Directors approved the distribution of interim dividends for the nine-month period ended 30 September 2023G in the amount of SAR 50 million at its meeting held on 14 Safar 1445H (corresponding to 30 August 2023G).

(6) The total dividend for the financial year ended 31 December 2021G amounted to SAR 262.7 million as explained in the statement of changes in consolidated equity for the financial year ended 31 December 2021G, as follows:

1- transfer of assets to Al Holoul Al Mutakamela Holding Company (a company owned by the same shareholders as at that date) with a book value of SAR 112.5 million;

2- cash dividends to settle dues from Al Holoul Al Mutakamela Holding Company in the amount of SAR 25.2 million; and

3- cash dividends of SAR 125.0 million to Al Holoul Al Mutakamela Holding Company.

The sum total of items no. 2 and 3 above is SAR 150.2 million and constitutes cash dividends as shown in the financial statements for the financial year ended 31 December 2021G, specifically in the statement of the consolidated statement of cash flows. The distribution of these amounts was approved by the General Assembly.

In addition to the above, the Board of Directors decided on 1 Jumada al-Akhirah 1445H (corresponding to 14 December 2023G) to distribute cash dividends of SAR 120.0 million to shareholders who own shares on the due date and who are registered in the Company's shareholders register at the Securities Depository Center Company (Edaa) at the end of 1 Jumada al-Akhirah 1445H (corresponding to 14 December 2023G), provided that the distribution takes place within fifteen (15) days from the date of the Board's resolution. The dividend distribution was completed on 4 Jumada al-Akhirah 1445H (corresponding to 17 December 2023G).

Holders of the Offer Shares shall not be entitled to any dividends announced prior to the date of this Prospectus, where the first entitlement to the Offer Shares in the dividends announced by the Company shall be from the date of this Prospectus and subsequent financial years. The Directors acknowledge that, as at the date of this Prospectus, there are no dividends declared or accrued for the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G except as described above.

8. USE OF PROCEEDS

The total Offering Proceeds are estimated at SAR 900,000,000, of which approximately SAR 53,000,000, will be applied towards the Offering expenses, which include the fees of the Financial Advisor, the Lead Manager, the Bookrunners, the Underwriter, the Legal Advisor, the Financial Due Diligence Advisor, the Auditors, the Receiving Agents and the Market Consultant, as well as marketing, printing and distribution fees and other costs and expenses related to the Offering.

The Net Offering Proceeds of approximately SAR 847,000,000, will be distributed to the Selling Shareholders. The Company will not receive any part of the proceeds from the Offering. The Selling Shareholder will bear all fees, costs and expenses in relation to the Offering.

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 hold 70 per cent. of the Company's Shares.

The following table shows the Company's capitalisation as reflected in the Group's audited consolidated Financial Statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the reviewed consolidated interim Financial Statements for the nine-month period ended 30 September 2023G. The following table, including the notes thereto set out in Section 19 *(Financial Statements and Auditors' Report)*, should be read in conjunction with the relevant Financial Statements.

Table 9.1: Capitalisation and Indebtedness of the Company

(SAR '000)	Financial Years Ended 31 December			Nine-Month Period Ended 30 September	
	FY 2020G (Audited)	FY 2021G (Audited)	FY 2022G (Audited)	2022G (Reviewed)	2023G (Reviewed)
Long term lease liabilities	11,338	23,690	17,847	23,958	17,198
Short term lease liabilities	8,809	12,892	8,713	12,353	4,666
Short-term loans	-	-	-	-	-
Long-term loans	-	-	-	-	-
Total loans	**-**	**-**	**-**	**-**	**-**
Capital	400,000	400,000	400,000	400,000	400,000
Contributed capital	-	-	-	-	-
Statutory reserve	62,083	77,129	92,154	77,129	92,154
Retained earnings	135,896	8,657	36,126	59,871	107,051
Total Shareholders' equity	**597,980**	**485,786**	**528,280**	**537,000**	**600,107**
Total capitalisation (total loans + SH equity)	**597,980**	**485,786**	**528,280**	**537,000**	**600,107**
Total loans/total capitalisation	**-**	**-**	**-**	**-**	**-**

Source: The Group's audited consolidated Financial Statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the reviewed consolidated interim Financial Statements for the nine-month period ended 30 September 2023G.

The Directors declare that:

- the Company does not have any debt instruments as of the date of this Prospectus;
- no Shares of the Company are under option rights; and
- subject to any material adverse change in the Company's business, they believe that its existing cash balances and cash flows will be sufficient to meet its anticipated cash needs for working capital and capital expenditures 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 pages (vi) to (vii), have given and, as of the date of this Prospectus, have not withdrawn their written consent/report, as appropriate, to the publication of their names, addresses, logos and statements attributed to each of them in this Prospectus, and do not, themselves, nor do their employees forming part of the team serving the Company, or any of their relatives, have any shareholding or interest of any kind in the Company or any of its Subsidiaries as of the date of this Prospectus which would impair their independence.

11. DECLARATIONS

The Directors declare the following:

- none of the Directors, Senior Executives or the Secretary have not 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 the Secretary were employed, in a managerial or supervisory capacity, was declared bankrupt or insolvent during the past five years;
- except as specified in Section 12.9 *(Related Party Contracts and Transactions)*, they do not, themselves, nor do any of Senior Executives, Secretary, or their relatives or Affiliates, have any material interest in any written or verbal contract or arrangement under consideration or expected to be conducted with the Company as of the date of this Prospectus;
- 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 nor in any Subsidiary of the Company, and the Company is prohibited from granting a loan to a Director or guaranteeing a loan entered into by a Director;
- all 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;
- 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 subject to this Prospectus in connection with the issue or sale of any securities;
- there has been no interruption in the Company's or its subsidiaries' business that may significantly affect or has affected its financial position during the last 12 months;
- there is no intention to introduce any material changes to the nature of the Company's business;
- neither the Directors or Chief Executive Officer will vote on General Assembly resolutions that relate to any transaction or contract in which they have a direct or indirect interest;
- except as otherwise described in Section 4.10 *(Overview of the Company's Departments)*, there has been no material adverse change in the financial or trading position of the Company and its Subsidiaries in the three years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G immediately preceding the date of filing the application for registration and 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;
- 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;
- except as disclosed in Section 6.8.1.3 *(Equity Investments at Fair Value Through Profit or Loss)*, the Company does not have any securities (contractual or otherwise) or any assets, the value of which is subject to fluctuation that would adversely and materially affect its financial position;
- except as disclosed in Section 2 *(Risk Factors)* and Section 6.3 *(Group Overview)*, the Company is not aware of any information regarding any Government, economic, financial, monetary or political policies or any other factors that have materially affected or may materially affect (directly or indirectly) the Company and its subsidiaries' operations;
- except as disclosed in Section 6.3 *(Group Overview)*, 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;
- the statistical information used in Section 3 *(Market Overview)* obtained from third party sources represents the latest information available from each respective source;
- except as stated in Section 2.1.37 *(Risks Related to Failure to Secure Adequate Insurance Coverage)*, the Company has insurance policies with sufficient insurance coverage to carry out its activities. The Company and its Subsidiaries renews its insurance policies regularly to ensure continued insurance coverage;
- all contracts and agreements which the Company considers to be material or important or which have an impact on a Subscriber's decision to invest in the Offer Shares have been disclosed. There are no other material agreements or contracts that have not been disclosed;
- all terms and conditions that may affect the decisions of the Investors to invest in Offer Shares have been disclosed;
- 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 and the Company has no intention of entering into any new agreements with Related Parties, except as specified in Section 12.9 *(Related Party Contracts and Transactions)*;

- the Selling Shareholders will incur all 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 Auditors the Market Consultant and the Receiving Agents, as well as marketing, printing and distribution costs and other expenses related to the Offering;
- there is no dispute with ZATCA, or objections thereof. The Selling Shareholders shall incur any additional claims that may be filed by ZATCA against the Company for the preceding years until the date of listing. The Selling Shareholders' undertakings have been given;
- they have developed procedures, controls and systems that would enable the Company to meet all of the requirements of the relevant laws and regulations, including the Companies Law, CML and its implementing regulations (including the Rules on the Offer of Securities and Continuing Obligations) and Listing Rules;
- all of the Company's employees are under its sponsorship;
- as of the date of this Prospectus, the Shareholders whose names appear in Section 4.8 *(Current Ownership Structure)* are the legal and beneficial owners, whether direct or indirect owners, of the Shares;
- all increases in the share capital of the Company are in compliance with the applicable laws and regulations of the Kingdom;
- 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;
- except as disclosed in Section 2.1.44 *(Risks 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;
- except as disclosed in Section 12.11 *(Litigation)*, the Company is not subject to any claims or legal procedures that may have, alone or as a whole, materially affect the business of the Company or its financial position;
- as of the date of this prospectus, 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);
- the Issuer - individually or jointly with its Subsidiaries - has working capital sufficient for at least 12 months immediately following the date of this Prospectus;
- no Shares of the Company are under option;
- the audited Financial Statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the reviewed interim Financial Statements for the nine-month period ended 30 September 2023G and the accompanying notes thereto have been prepared in compliance with IFRS endorsed in the Kingdom and other standards and pronouncements issued by SOCPA;
- the financial information appearing in this Prospectus has been extracted from the Company's audited reviewed interim 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 Financial Statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the reviewed interim Financial Statements for the nine-month period ended 30 September 2023G. Furthermore, the financial information is presented in a manner consistent with the audited annual Financial Statements of the Company;
- as of the date of this Prospectus, the Company has no policy on research and development as the Company does not produce any products;
- the Company is capable of preparing the required reports in a timely manner in accordance with the implementing regulations issued by the CMA;
- All necessary approvals have been obtained to offer thirty per cent. (30%) of the Company's Shares in order for the Company to be a public joint-stock company.
- all 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;
- except as disclosed in Section 4.9.8 *(Geographic Locations and Operations)*, the Directors acknowledge that the Company does not own any other assets outside the Kingdom;
- the Offering does not violate the relevant laws and regulations of the Kingdom;
- the Offering 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 this Prospectus; and
- the Company's Directors are not subject to any legal proceedings or actions that may, individually or collectively, have a material effect on the Company's and its subsidiaries' business, or its financial position.

In addition to the above, the Directors confirm that:

- 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 the registration and offer of securities were omitted from this Prospectus;
- they have submitted, and will submit, to the CMA all of the documents required under the CML and the Rules on the Offer of Securities and Continuing Obligations;
- the information and data contained in this Prospectus which were obtained from other parties, including the information obtained from the Market Report prepared by the Market Study Consultant, can be relied upon and there is no reason for the Company or its Subsidiaries to believe that this information is materially inaccurate.
- the Company has prepared its internal control policies on sound principles where it 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;
- the internal control, accounting and information technology systems of the Company are sufficient and adequate;
- 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;
- except as disclosed in Section 5.7 *(Conflict of Interest)*, none of the Directors are engaged in any activities similar or competitive with the activities of the Company. The Directors undertake to fulfil this regulatory requirement in the future as per Article 27 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations;
- 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;
- 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;
- 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;
- the Directors and the Chief Executive Officer shall not have the right to vote on decisions related to their fees and remuneration; and
- neither the Directors nor any Senior Executive shall obtain a loan from the Company, and the Company shall not guarantee any loan entered into by a Director.

The Directors undertake to:

- record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Directors;
- disclose the details of any Related Party transactions in accordance with the Companies Law and the Corporate Governance Regulations; and
- comply with the provisions of Articles 27, 71 and 72 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations.

12. LEGAL INFORMATION

12.1 The Company

The Saudi Manpower Solutions Company (SMASCO) is a closed joint stock company incorporated by virtue of Ministerial Resolution No. (128/Q) dated 3 Rabi' al-Awwal 1433H (corresponding to 25 February 2012G) and registered under Commercial Registration 1010331000 dated 12 Rabi's al-Awwal 1433H (corresponding to 5 March 2012G) issued in Riyadh, Kingdom of Saudi Arabia. The Company's head and registered office is located at Al Olaya Street, Al Ghadeer District, P.O. Box 91279, Riyadh 13311, Kingdom of Saudi Arabia. The Company's current capital amounts to four hundred million Saudi Arabian Riyals (SAR 400,000,000), divided into four hundred million (400,000,000) Ordinary Shares with a fully paid nominal value of one Saudi Arabian Riyals per Share (for more details, see Section 4.5 *(Corporate History and Evolution of Capital)*. According to its main Commercial Registration certificate, the Company's activities are temporary employment agency activities for home service and activities of temporary employment agencies of expatriate workers services.

12.2 Ownership Structure

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

Table 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)
Al Holoul Al Mutakamela Holding Company	280,000,000	70.000%	280,000,000	191,050,000	47.761%	191,050,000
Rafid Advanced Investments Company	30,000,000	7.500%	30,000,000	19,350,000	4.838%	19,350,000
Mohammad Abdulaziz Al Habib and Sons Holding Company (2)	20,000,000	5.000%	20,000,000	14,000,000	3.500%	14,000,000
Maalem Al Masa Real Estate Company	20,000,000	5.000%	20,000,000	14,000,000	3.500%	14,000,000
Abdullah Nasser Abdullah Al Dawood	12,000,000	3.000%	12,000,000	8,400,000	3.000%	12,000,000
Abdullah Amer Munif Al Nahdi	6,000,000	1.500%	6,000,000	4,200,000	1.050%	4,200,000
Abdulaziz Abdulrahman Mohammed Al Omran	5,000,000	1.250%	5,000,000	3,500,000	0.875%	3,500,000
Al Mojel Trading and Contracting Company	5,000,000	1.250%	5,000,000	3,500,000	0.875%	3,500,000
Mohammed Sulaiman Ibrahim Al Sabti	5,000,000	1.250%	5,000,000	3,500,000	1,250%	5,000,000
Tareq Othman Abdullah Al Kasabi	5,000,000	1.250%	5,000,000	3,500,000	0.875%	3,500,000
Nawat Real Estate Investment Company	5,000,000	1.250%	5,000,000	3,500,000	1.250%	5,000,000
Al Jazeel Arabian Holding Company	2,000,000	0.500%	2,000,000	1,400,000	0.350%	1,400,000
Majed Abdullah Hamad Al Hogail	2,000,000	0.500%	2,000,000	1,400,000	0.350%	1,400,000
Etihad Noorah Investment Company Limited	1,250,000	0.310%	1,250,000	875,000	0.219%	875,000
Norah Al Malahi Foundation	1,250,000	0.310%	1,250,000	875,000	0.219%	875,000
Ahmad Yousef Mohammed Salah Jamjoom	500,000	0.130%	500,000	350,000	0.088%	350,000
Public	-	-	-	120,000,000	30.00%	120,000,000
Total	**400,000,000**	**100%**	**400,000,000**	**400,000,000**	**100%**	**400,000,000**

Source: The Company.

(1) The shareholding percentages are rounded.

(2) Mohammed Abdulaziz Al Habib and Sons Holding Company owns the entire capital of Maalem Al Masa Real Estate Company (which in turn directly owns 20,000,000 Shares in the Company). As a result, Mohammed Abdulaziz Al Habib and Sons Holding Company indirectly owns 20,000,000 Shares in the Company.

For further details regarding the Shareholders and the shareholding structure of the Company, see Section 4.8 *(Current Ownership Structure).*

12.3 The Subsidiaries

The following table sets out the ownership structure of the Company's owned Subsidiaries:

Table 12.2: The Subsidiaries

No.	Name of Subsidiary	Country of Incorporation	Direct Ownership (%)	Indirect Ownership (%)	Remaining Ownership
1.	Saudi Logistic Services Company Limited	Kingdom of Saudi Arabia	100.00%	-	-
2.	Terhab Customer Experience Company Limited	Kingdom of Saudi Arabia	100.00%	-	-
3.	Romoz Development for Communication and Information Technology Company (1)	Kingdom of Saudi Arabia	100.00%	-	-
4.	Saneem Investment Company	Kingdom of Saudi Arabia	100.00%	-	-
5.	Business Solutions Centre Private Limited (1) (2)	India	-	100.00%	-

Source: The Company.

(1) Pursuant to the Company's Board of Directors resolution issued on 16 Jumada al-Ula 1444H (corresponding to 11 December 2022G), both Romoz Development for Communication and Information Technology Company and Business Solutions Centre Private Limited are being liquidated. Noting that the employees of Romoz Development for Communication and Information Technology Company's employees were transferred to the Company.

(2) Business Solutions Centre Private Limited is a company fully owned indirectly by the Company, as the two Subsidiaries of the Company, Terhab and Romoz, own 76.00 per cent. and 24.00 per cent., respectively, of its shares.

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 members of the Board of Directors 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 below. The following tables list licences and certificates held by the Company and its Subsidiaries as of the date of this Prospectus:

Table 12.3: Details of Commercial Registration Certificates Obtained by the Company and its Subsidiaries

	Company	Location	Type of Commercial Registration	Commercial Registration No.	Registration Date	Expiration Date
1	Saudi Manpower Solutions Company (SMASCO)	Riyadh, Kingdom of Saudi Arabia	Main	1010331000	12 Rabi' al-Thani 1433H (corresponding to 5 March 2012G)	12 Rabi' al-Thani 1448H (corresponding to 23 September 2026G)
		Riyadh, Kingdom of Saudi Arabia	Branch	1010370621	4 Jumada al-Akhirah 1434H (corresponding to 14 April 2013G)	4 Jumada al-Akhirah 1446H (corresponding to 5 December 2024G)
		Riyadh, Kingdom of Saudi Arabia	Branch	1010370627	4 Jumada al-Akhirah 1434H (corresponding to 14 April 2013G)	4 Jumada al-Akhirah 1447H (corresponding to 25 November 2025G)
		Riyadh, Kingdom of Saudi Arabia	Branch	1010374728	5 Rajab 1434H (corresponding to 15 May 2013G)	5 Rajab 1447H (corresponding to 25 December 2025G)
		Dammam, Kingdom of Saudi Arabia	Branch	2050105591	9 Rajab 1436H (corresponding to 28 April 2015G)	8 Rajab 1446H (corresponding to 8 January 2025G)
		Al Jubail, Kingdom of Saudi Arabia	Branch	2055020287	10 Ramadan 1434H (corresponding to 18 July 2013G)	9 Ramadan 1445H (corresponding to 19 March 2024G)

	Company	Location	Type of Commercial Registration	Commercial Registration No.	Registration Date	Expiration Date
	Saudi Manpower Solutions Company (SMASCO)	Tabuk, Kingdom of Saudi Arabia	Branch	3550036348	2 Rajab 1436H (corresponding to 21 April 2015G)	1 Rajab 1447H (corresponding to 16 January 2026G)
		Jeddah, Kingdom of Saudi Arabia	Branch	4030282567	28 Rajab 1436H (corresponding to 17 May 2015G)	27 Rajab 1447H (corresponding to 16 January 2026G)
		Jeddah, Kingdom of Saudi Arabia	Branch	4030298444	7 Rabi' al-Thani 1439H (corresponding to 25 December 2017G)	7 Rabi' al-Thani 1447H (corresponding to 29 September 2025G)
		Makkah Al Mukharama, Kingdom of Saudi Arabia	Branch	4031100018	25 Sha'ban 1438H (corresponding to 21 May 2017G)	25 Sha'ban 1447H (corresponding to 13 February 2026G)
		Al Taif, Kingdom of Saudi Arabia	Branch	4032051573	26 Rajab 1438H (corresponding to 23 April 2017G)	25 Rajab 1447H (corresponding to 14 January 2026G)
		Al Madina Al Munawwarah, Kingdom of Saudi Arabia	Branch	4650078632	21 Rajab 1436H (corresponding to 13 May 2015G)	20 Rajab 1447H (corresponding to 9 January 2026G)
		Abha, Kingdom of Saudi Arabia	Branch	5850068558	24 Rajab 1436H (corresponding to 31 October 2019G)	23 Rajab 1447H (corresponding to 12 January 2026G)
2	Saudi Logistic Services Company	Riyadh, Kingdom of Saudi Arabia	Main	1010587193	8 Thul-Qi'dah 1440H (corresponding to 11 July 2019G).	8 Thul-Qi'dah 1445H (corresponding to 14 June 2024G).
		Riyadh, Kingdom of Saudi Arabia	Branch	1010639234	1 Thul-Qi'dah 1441H (corresponding to 22 July 2020G).	1 Thul-Qi'dah 1445H (corresponding to 7 June 2024G).
		Riyadh, Kingdom of Saudi Arabia	Branch	1010639231	1 Thul-Qi'dah 1441H (corresponding to 22 July 2020G).	1 Thul-Qi'dah 1445H (corresponding to 7 June 2024G).
		Riyadh, Kingdom of Saudi Arabia	Branch	1010639233	1 Thul-Qi'dah 1441H (corresponding to 22 July 2020G).	1 Thul-Qi'dah 1445H (corresponding to 7 June 2024G).
3	Terhab Customer Experience Company	Riyadh, Kingdom of Saudi Arabia	Main	1010628795	30 Jumada al-Akhirah 1441H (corresponding to 31 January 2020G)	30 Jumada al-Akhirah 1446H (corresponding to 31 December 2024G)
4	Romoz Development for Communication and Information Technology Company	Riyadh, Kingdom of Saudi Arabia	Main	1010627539	23 Jumada al-Akhirah 1441H (corresponding to 17 February 2020G)	23 Jumada al-Akhirah 1446H (corresponding to 24 December 2024G)
5	Saneem Investment Company	Riyadh, Kingdom of Saudi Arabia	Main	1010786170	3 Sha'ban 1443H (corresponding to 6 March 2022G).	3 Sha'ban 1448H (corresponding to 11 January 2027G).

Source: The Company.

Table 12.4: Details of Regulatory Licences and Certificates Obtained by the Company and its Subsidiaries

	Company	Issuing Authority	Licence Number	Purpose	Issue Date	Expiry Date
1	Saudi Manpower Solutions Company (SMASCO)	MHRSD	20002312000035	Certificate of compliance with Saudisation requirements	18 Jumada al-Akhirah 1445H (corresponding to 31 December 2023G)	12 Ramadan 1445H (corresponding to 22 March 2024G)
		MHRSD	20012402018816	Certificate of wage protection	15 Sha'ban 1445H (corresponding to 25 February 2024G)	15 Shawwal 1445H (corresponding to 24 April 2024G)
		MHRSD	1	Certificate to exercise mediation in labour recruitment and provide labour	29 Jumada al-Ula 1443H (corresponding to 2 January 2022G)	30 Jumada al-Ula 1453H (corresponding to 18 September 2031G)
		Riyadh Chamber of Commerce and Industry	273319	Chamber of Commerce and Industry membership certificate	14 Rabi' al-Thani 1433H (corresponding to 7 March 2012G)	12 Rabi' al-Thani 1448H (corresponding to 23 September 2026G)
		ZATCA	1110206647	Certificate enabling the Company to finalise all processes	7 Shawwal 1444H (corresponding to 27 April 2023G)	21 Shawwal 1445H (corresponding to 30 April 2024G)
		ZATCA	300589284900003	VAT registration certificate	14 Rabi' al-Thani 1439H (corresponding to 1 January 2018G)	N/A
		GOSI	62250197	Certificate of fulfilment of the GOSI obligations	15 Sha'ban 1445H (corresponding to 25 February 2024G)	15 Ramadan 1445H (corresponding to 25 March 2024G)
2	Saudi Logistic Services Company	MHRSD	474916-15309326	Certificate of compliance with Saudisation requirements	23 Rabi' al-Thani 1445H (corresponding to 7 November 2023G)	17 Thul-Qi'dah 1445H (corresponding to 25 May 2024G)
		MHRSD	20012402018817	Certificate of wage protection	25 Jumada al-Akhirah 1445H (corresponding to 7 January 2024G)	15 Shawwal 1445H (corresponding to 24 April 2024G)
		Riyadh Chamber of Commerce and Industry	101000512944	Chamber of Commerce and Industry membership certificate	11 Thul-Qi'dah 1440H (corresponding to 14 July 2019G)	8 Thul-Qi'dah 1445H (corresponding to 16 May 2024G)
		ZATCA	1020167696	Certificate enabling the Company to finalise all processes	19 Ramadan 1444 H (corresponding to 10 April 2023G)	21 Shawal 1445 H (corresponding to 30 April 2024G)
		ZATCA	310433675100003	VAT registration certificate	6 Jumada al-Ula 1441H (corresponding to 1 January 2020G)	N/A
		GOSI	62250214	Certificate of fulfilment of the GOSI obligations	15 Sha'ban 1445H (corresponding to 25 February 2024G)	15 Ramadan 1445H (corresponding to 25 March 2024G)

	Company	Issuing Authority	Licence Number	Purpose	Issue Date	Expiry Date
3	Terhab Customer Experience Company	MHRSD	238408-10488001	Certificate of compliance with Saudisation requirements	15 Sha'ban 1445H (corresponding to 25 February 2024G)	17 Thul-Qi'dah 1445H (corresponding to 25 May 2024G)
		MHRSD	202949-40994481	Certificate of wage protection	15 Sha'ban 1445H (corresponding to 25 February 2024G)	15 Ramadan 1445H (corresponding to 25 March 2024G)
		Riyadh Chamber of Commerce and Industry	553282	Chamber of Commerce and Industry membership certificate	30 Jumada al-Akhirah 1441H (corresponding to 24 February 2020G)	30 Jumada al-Akhirah 1446H (corresponding to 31 December 2024G)
		ZATCA	1020215607	Certificate enabling the Company to finalise all processes	10 Shawwal 1444H (corresponding to 30 April 2023G)	21 Shawal 1445 H (corresponding to 30 April 2024G)
		ZATCA	3105833614	VAT registration certificate	10 Thul-Qi'dah 1441H (corresponding to 1 July 2020G)	N/A
		GOSI	62250190	Certificate of fulfilment of the GOSI obligations	15 Sha'ban 1445H (corresponding to 25 February 2024G)	15 Ramadan 1445H (corresponding to 25 March 2023G)
4	Romoz Development for Communication and Information Technology Company	Riyadh Chamber of Commerce and Industry	551743	Chamber of Commerce and Industry membership certificate	23 Jumada al-Akhirah 1441H (corresponding to 17 February 2020G)	23 Jumada al-Akhirah 1446H (corresponding to 24 December 2024G)
		ZATCA	1020373163	Certificate enabling the Company to finalise all processes	15 Muharram 1445H (corresponding to 2 August 2023G)	12 Shawal 1445 H (corresponding to 30 April 2024G)
		ZATCA	310579460300003	VAT registration certificate	2 Thul-Hijjah 1445H (corresponding to 1 July 2022G)	N/A
		GOSI	62250495	Certificate of fulfilment of the GOSI obligations	15 Sha'ban 1445H (corresponding to 25 February 2024G).	15 Ramadan 1445H (corresponding to 25 March 2024G)
5	Saneem Investment Company	Riyadh Chamber of Commerce and Industry	714429	Chamber of Commerce and Industry membership certificate	3 Sha'ban 1443H (corresponding to 6 March 2022G)	3 Sha'ban 1448H (corresponding to 11 January 2027G)
		ZATCA	1020255470	Certificate enabling the Company to finalise all processes	23 Thul-Qi'dah 1444H (corresponding to 27 November 2023G)	21 Shawwal 1445H (corresponding to 30 April 2024G)
		GOSI	62250297	Certificate of fulfilment of the GOSI obligations	15 Sha'ban 1445H (corresponding to 25 February 2024G)	15 Ramadan 1445H (corresponding to 25 March 2024G)

Source: The Company.

(1) Certificate is expired and the Company is working on renewing it.

Table 12.5: Details of Operational Licences of the Company and its Subsidiaries

Company	Issuing Authority	Licence Number	Purpose	Issue Date	Expiration Date
1 Saudi Manpower Solutions Company (SMASCO)	Riyadh Municipality, Kingdom of Saudi Arabia	40092381864	Engaging in commercial activities	7 Jumada al-Akhirah 1444H (corresponding to 31 December 2022G)	6 Rajab 1445H (corresponding to 18 January 2024G)[1]
		450413576446	Engaging in commercial activities	4 Rajab 1445H (corresponding to 16 January 2024G)	4 Rajab 1446H (corresponding to 4 January 2025G)
		450614084083	Engaging in commercial activities	13 Rajab 1445H (corresponding to 25 January 2024G)	13 Rajab 1446H (corresponding to 13 January 2025G)
	Eastern Province Municipality, Kingdom of Saudi Arabia	40112499081	Engaging in commercial activities	24 Safar 1444H (corresponding to 20 September 2022G)	24 Safar 1447H (corresponding to 18 August 2025G)
	Tabuk Municipality, Kingdom of Saudi Arabia	3909329639	Engaging in commercial activities	15 Rajab 1444H (corresponding to 6 February 2023G)	15 Rajab 1445H (corresponding to 27 January 2024G)[1]
	Jeddah Municipality, Saudi Arabia	440210542718	Engaging in commercial activities	2 Rabi' al-Thani 1445H (corresponding to 17 October 2023G)	2 Rabi' al-Thani 1446H (corresponding to 5 October 2024G)
	Makkah Province Municipality, Saudi Arabia	3909649125	Engaging in commercial activities	20 Ramadan 1439H (corresponding to 4 June 2018G)	20 Ramadan1445H (corresponding to 30 March 2024G)
	Al Taif Municipality, Kingdom of Saudi Arabia	440711400671	Engaging in commercial activities	20 Sha'ban 1444H (corresponding to 12 March 2023G)	20 Sha'ban 1445H (corresponding to 1 March 2024G)
	Madinah Municipality, Saudi Arabia	42115805145	Engaging in commercial activities	21 Rabi' al-Awwal 1443H (corresponding to 27 October 2021G)	21 Rabi' al-Awwal 1447H (corresponding to 13 September 2025G)
	Asir Municipality, Kingdom of Saudi Arabia	41093549696	Engaging in commercial activities	18 Thul-Qi'dah 1441H (corresponding to 9 July 2020G)	18 Thul-Qi'dah 1445H (corresponding to 26 May 2024G)
	General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001311462-45	Civil defence licence	4 Rajab 1445H (corresponding to 16 January 2024G)	4 Rajab 1446H (corresponding to 4 January 2025G)
		1-001023213-44	Civil defence licence	2 Rabi' al-Thani 1444H (corresponding to 27 September 2022G)	2 Rabi' al-Thani 1445H (corresponding to 17 September 2023G) [1]
		44-001105694-1	Civil defence licence	16 Sha'ban 1444H (corresponding to 8 March 2023G)	16 Sha'ban 1445H (corresponding to 26 February 2024G) [1]
		2-000783031-45	Civil defence licence	1 Rabi' al-Awwal 1443H (corresponding to 7 October2021G)	4 Jumada al-Akirah 1446H (corresponding to 5 December 2024G)
		45-001225916-1	Civil defence licence	18 Rabi' al-Awwal 1445H (corresponding to 3 October 2023G)	18 Rabi' al-Awwal 1446H (corresponding to 21 September 2024G)
		1-001316712-45	Civil defence licence	22 Jumada al-Akirah 1445H (corresponding to 4 January 2024G)	22 Jumada al-Akirah 1446H (corresponding to 23 December 2024G)
		1-001332475-45	Civil defence licence	6 Rajab 1445H (corresponding to 18 January 2024G)	6 Rajab 1446H (corresponding to 6 January 2025G)

Company		Issuing Authority	Licence Number	Purpose	Issue Date	Expiration Date
2	Saudi Logistic Services Company Limited.	Riyadh Municipality, Kingdom of Saudi Arabia	4103259083	Engaging in commercial activities	6 Rabi' al-Awwal 1441H (corresponding to 3 November 2019G)	6 Rabi' al-Awwal 1441H (corresponding to 9 September 2024G)
		Transport Public Authority, Kingdom of Saudi Arabia	00001101/38	Licence for light transport of goods on land	22 Jumada al-Akhirah 1443H (corresponding to 25 January 2022G)	22 Jumada al-Akhirah 1446H (corresponding to 23 December 2024G)
		Transport Public Authority, Kingdom of Saudi Arabia	00000163/45	Local parcel transportation licence	27 Jumada al-Ula 1444H (corresponding to 21 December 2022G)	3 Rajab 1446H (corresponding to 3 January 2025G)
3	Terhab Customer Experience Company Limited	Riyadh Municipality, Kingdom of Saudi Arabia	42023971292	Engaging in commercial activities	27 Safar 1442H (corresponding to 14 October 2020G)	27 Safar 1446H (corresponding to 31 August 2024G)

Source: The Company.

(1) Certificate is expired and the Company is working on renewing it.

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. 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 violated any of the terms and conditions stipulated in those agreements. The Company is also not aware of any event that may over time become a breach or default under these agreements. These summaries are not intended to describe all the terms and conditions applicable to these agreements. See Sections 12.8.2 *(Lease Agreements)* 12.7 (*Insurance Documents*), for more information about the Company's lease agreements and insurance policies. The following table shows a summary of the material agreements (excluding lease agreements and insurance policies) entered into by the Company for purposes related to its business:

Table 12.6: Details of Material Agreements

Name of Agreement	Parties (1)	Brief Description	Term and Renewable Mechanism	Value for the Period(s) Indicated
Agreements with Key Suppliers				
Services Agreement	The Company (as customer) and a company operating in the tourism sector (as service provider)	The Company has entered into a services agreement for the purpose of obtaining travel and trip management services from the service provider.	The agreement is for a term of one year commencing on 1 Rajab 1444H (corresponding to 23 January 2023G) to 11 Rajab 1445H (corresponding to 23 January 2024G), and is renewable on similar terms, if the second party notifies the Company of its intention of renewal at least 60 days before the expiration date.	SAR zero (the year ended 31 December 2022G) SAR 4,573,017.71 (the nine-month period ended 30 September 2023G)
Tourism Services Agreement	The Company (as customer) and a company operating in the tourism sector (as service provider)	The Company has entered into a tourism services agreement for the purpose of obtaining tourism services from the service provider.	The agreement is for a term of one year commencing on 14 Rabi' al-Thani 1434H (corresponding to 24 February 2013G) to 3 Rabi' al-Thani 1435H (corresponding to 23 February 2014G) and is automatically renewable.	SAR 17,071,872.35 (the year ended 31 December 2022G) SAR 6,057,948.96 (the nine-month period ended 30 September 2023G)
Lease Agreement	The Company (as lessee) and a lessor	The Company has entered into a lease agreement for the purpose of leasing a commercial unit.	The agreement is for a term of 10 one year commencing on 19 Jumada al-Thani 1445H (corresponding to 1 January 2024G) to 9 Shawwal 1455H (corresponding to 31 December 2033G), and is automatically renewable.	SAR zero (the year ended 31 December 2022G) SAR 3,105,000 (the nine-month period ended 30 September 2023G)

Name of Agreement	Parties [1]	Brief Description	Term and Renewable Mechanism	Value for the Period(s) Indicated
Employment Services Agreement	The Company (as customer) and an Indonesian recruitment agency (as service provider)	The service provider provides labour for the Company and completes all necessary procedures within the State of Indonesia and recruits.	The agreement is for a term of one year commencing on 19 Ramadan 1339H (corresponding to 3 June 2018G) to 29 Ramadan 1440H (corresponding to 2 June 2019G), and is automatically renewable.	SAR 19,282,875 (the year ended 31 December 2022G) SAR 2,716,717.80 (the nine-month period ended 30 September 2023G)
Employment Services Agreement	The Company (as customer) and an Indonesian recruitment agency (as service provider)	The service provider provides labour for the Company and completes all necessary procedures within the State of Indonesia and recruits labour to the Kingdom.	The agreement is for a term of one year commencing on 21 Safar 1440H (corresponding to 30 October 2018G) to 2 Rabi' al-Awwal 1441H (corresponding to 30 October 2019G), and is automatically renewable.	SAR 53,667,233 (the year ended 31 December 2022G) SAR 10,733,698.34 (the nine-month period ended 30 September 2023G)
Employment Services Agreement	The Company (as customer) and an Indonesian recruitment agency (as service provider)	The service provider provides labour for the company and completes all necessary procedures within the State of Indonesia and brings labour to the Kingdom.	The agreement is for a term of one year commencing on 28 Shaban 1442H (corresponding to 4 April 2021G) to 3 Ramadan 1443H (corresponding to 4 April 2022G) and is automatically renewable.	SAR 29,237,417.37 (the year ended 31 December 2022G) SAR 8,431,643.89 (the nine-month period ended 30 September 2023G)
Agreements with Key Customers				
Manpower Services Agreement	The Company (as service provider) and a company operating in the maintenance and construction sector (as customer)	The Company has entered into a manpower services agreement for the purpose of providing manpower services to the customer.	The agreement is for a term of two years commencing on 6 Safar 1439H (corresponding to 26 October 2017G) to 6 Safar 1441H (corresponding to 25 October 2020G), and is renewable on similar terms, if the second party notifies the of its intention of renewal at least four months before the expiration date.	SAR 76,072,502 (the year ended 31 December 2022G) SAR 62,202,645 (the nine-month period ended 30 September 2023G)
Manpower Services Agreement	The Company (as service provider and a company operating in the maintenance and construction sector (as customer)	The Company has entered into a manpower services agreement for the purpose of providing manpower services to the customer.	The agreement is for a term of two years commencing on 8 Jumada al-Ula 1442H (corresponding to 23 December 2020G) to 15 Rajab 1443H (corresponding to 16 February 2022G) and is renewable on similar terms, if the second party notifies the Company of its intention of renewal at least two months before the expiration date.	SAR 3,130,362 (the year ended 31 December 2022G) SAR 1,187,534 (the nine-month period ended 30 September 2023G)
Manpower Services Agreement	The Company (as service provider) and a company operating in the petrochemical industry (as customer)	The Company has entered into a manpower services agreement for the purpose of providing manpower services to the customer.	The agreement is for a term of ten years commencing on 1 Safar 1444H (corresponding to 28 August 2022G) to 20 Jumada al-Ula 1454H (corresponding to 27 August 2032G) and is automatically renewable.	SAR 216,520,881 (the year ended 31 December 2022G) SAR 283,772,470 (the nine-month period ended 30 September 2023G)

Source: The Company.

(1) The names of suppliers and customers have not been disclosed as the Company believes it is information of a commercially sensitive nature.

12.5.1 Agreements with Key Suppliers

12.5.1.1 Services Agreement between the Company and a Company in the Tourism Sector

The Company (as client) has entered into a services provision agreement with a company operating in the tourism sector (as service provider) for the purpose of obtaining travel and trip management services from the service provider. The value of this agreement amounted to SAR zero and SAR 4,573,017.71 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement shall be valid from 1 Rajab 1444H (corresponding to 23 January 2023G) to 11 Rajab 1445H (corresponding to 23 January 2024G) for a term of one year, renewable on similar terms, if the second party notifies the Company of its intention of renewal at least 60 days before the expiration date. The agreement is governed by the laws of the Kingdom and any dispute arising from the agreement shall be resolved amicably within 60 days, if not resolved by amicable means, shall be referred to the competent authority in the Kingdom.

12.5.1.2 Tourism Services Agreement Between the Company and a Company Operating in the Tourism Sector

The Company (as client) has entered into a tourism services agreement with a Company operating in the tourism sector (as service provider) for the purpose of obtaining tourism services from the service provider. The value of this agreement amounted to SAR 17,071,872.35 and SAR 6,057,948.96 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement shall be valid from 14 Rabi' al-Thani 1434H (corresponding to 24 February 2013G) to 3 Rabi' al-Thani 1435H (corresponding to 23 February 2014G) for a term of one year, automatically renewable on similar terms, unless one party notifies the other of its intention of non-renewal at least one month 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 the competent authority in the Kingdom unless both parties agree to refer the dispute to arbitration, where it shall be settled in accordance with the Saudi Arbitration Regulations and its implementing rules.

12.5.1.3 Lease Agreement between the Company and a Lessor

The Company (as lessee) has entered into a lease agreement with a lessor for the purpose of leasing a commercial unit. The value of this agreement amounted to SAR zero and SAR 3,105,000 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement shall be valid from 19 Jumada al-Thani 1445H (corresponding to 1 January 2024G) to 9 Shawwal 1455H (corresponding to 31 December 2033G) for a term of 10 years, automatically renewable on similar terms unless a party notifies the other of its intention of non-renewal at least 60 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 resolved amicably within 15 days or by the competent courts in the Kingdom.

12.5.1.4 Employment Services Agreement between the Company and an Indonesian Recruitment Agency

The Company (as client) has concluded an agreement to provide employment services with an Indonesian recruitment agency (as service provider) for the purpose of providing labour to the Company and completing all necessary procedures within the State of Indonesia. The value of this agreement amounted to SAR 19,282,875 and SAR 2,716,717 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement shall be valid from 19 Ramadan 1339 H (corresponding to 3 June 2018G) to 29 Ramadan 1440H (corresponding to 2 June 2019G) for a term of one year, automatically renewable on similar terms. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be resolved amicably, if it did not get resolved by amicable means, shall be referred to the competent authority.

12.5.1.5 Employment Services Agreement between the Company and an Indonesian Recruitment Agency

The Company (as client) has concluded an agreement to provide employment services with an Indonesian recruitment agency (as service provider) for the purpose of providing labour for the Company and completing all necessary procedures within the State of Indonesia. The value of this agreement amounted to SAR 53,667,233 and SAR 10,733,698.34 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement shall be valid from 21 Safar 1440H (corresponding to 30 October 2018G) to 2 Rabi' al-Awwal 1441H (corresponding to 30 October 2018G) for a term of one year, automatically renewable on similar terms. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be resolved amicably, if it did not get resolved by amicable means, shall be referred to the competent authority.

12.5.1.6 Employment Services Agreement between the Company and an Indonesian Recruitment Agency

The Company (as client) has concluded an agreement to provide employment services with an Indonesian recruitment agency (as service provider) for the purpose of providing labour for the Company and completing all necessary procedures within the State of Indonesia. The value of this agreement amounted to SAR 29,237,417.37 and SAR 8,431,643.89 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement shall be valid from 28 Shaban 1442H (corresponding to 4 April 2021G) to 3 Ramadan 1443H (corresponding to 4 April 2022G) for a term of one year, automatically renewable on similar terms. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be resolved amicably, if it did not get resolved by amicable means, shall be referred to the competent authority.

12.5.2 Agreements with Key Clients

12.5.2.1 Manpower Services Agreement between the Company and a Company in the Maintenance and Construction Sector

The Company (as service provider) entered into an agreement to provide labour services with a Company operating in the maintenance and construction sector (as client) for the purpose of providing manpower services to the customer. The value of this agreement amounted to SAR 76,072,502 and SAR 62,202,645 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement shall be valid from 6 Safar 1439H (corresponding to 26 October 2017G) to 6 Safar 1441H (corresponding to 25 October 2020G) for a term of two years, renewable on similar terms, if the second party notifies the Company of its intention of renewal at least four 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 resolved amicably by the competent management at the Company, if not resolved amicably, shall be resolved by the Senior Executive Management of the Company, if such amicable means fail, then it shall be referred to the concerned labour office in a bid for amicable means prior to a hearing at the competent courts in Riyadh.

12.5.2.2 Manpower Services Agreement between the Company and a Company in the Maintenance and Construction Sector

The Company (as service provider) entered into an agreement to provide labour services with a Company operating in the maintenance and construction sector (as client) for the purpose of providing manpower services to the customer. The value of this agreement amounted to SAR 3,130,362 and SAR 1,187,534 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement shall be valid from 8 Jumada al-Ula 1442H (corresponding to 23 December 2020G) to 15 Rajab 1443H (corresponding to 16 February 2022G) for a term of two years, renewable on similar terms, if the second party notifies the Company of its intention of renewal at least four 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 resolved amicably by the competent management at the Company, if not resolved amicably, shall be resolved by the Senior Executive Management of the Company, if such amicable means fail, then it shall be referred to the concerned labour office in a bid for amicable means prior to the hearing at the competent courts in Riyadh.

12.5.2.3 Manpower Services Agreement between the Company and a company operating in the petrochemical industry

The Company (as service provider) entered into an agreement to provide labour services with a company operating in the petrochemical industry (as client) for the purpose of providing manpower services to the customer. The value of this agreement amounted to SAR 216,520,881 and SAR 283,772,470 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement shall be valid from 1 Safar 1444H (corresponding to 28 August 2022G) to 20 Jumada al-Ula 1454H (corresponding to 27 August 2032G) for a term of ten years, renewable on similar terms, if the second party notifies the Company of its intention of renewal at least four 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 resolved amicably by the competent management at the Company, if not resolved amicably, shall be resolved by the Senior Executive Management of the Company, if such amicable means fail, then it shall be referred to the concerned labour office in a bid for amicable means prior to the hearing at the competent courts in Riyadh.

12.6 Bank Guarantee

The Arab National Bank (the "**ANB**") issued a financial guarantee letter on 27 Rabi' al-Thani 1433H (corresponding to 20 Rabi' al-Awwal 2012G) and it was renewed on 19 Thul-Qi'dah 1442H (corresponding to 29 June 2021G) in favour of the MHRSD, for the purpose of guaranteeing the Company's obligations in respect of the licensing requirements from the MHRSD to practice its commercial activities. The guarantee letter covers an amount of SAR 10,000,000. The guarantee expires on 11 Thul-Qi'dah 1455H (corresponding to 31 January 2034G). Any claim by the MHRSD to the ANB under the guarantee will result in the ANB requesting a compensation from the Company equivalent to compensation for the amounts paid to the MHRSD.

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 12.7: Details of Insurance Policies

Policy No.	Types of Insurance Coverage	Insurer and Insured	Validity	Maximum Insurance Coverage
32659905	Car Insurance Policy	The Company for Cooperative Insurance (Tawuniya)	14 Rabi' al-Awwal 1445H (corresponding to 29 September 2023G) to 24 Rabi' al-Awwal 1446H (corresponding to 28 September 2024G).	SAR 10,000,000
MC1/23/800/00200-23000803	Medical Insurance Policy	Walaa Cooperative Insurance Company	15 Thul-Hijjah 1444H (corresponding to 3 July 2023G) to 20 Jumada al-Akhirah 1445H (corresponding to 2 July 2024G).	SAR 1,000,000 per employee
MC1/23/800/00201-23000804	Medical Insurance Policy	Walaa Cooperative Insurance Company	15 Thul-Hijjah 1444H (corresponding to 3 July 2023G) to 20 Jumada al-Akhirah 1445H (corresponding to 2 July 2024G).	SAR 1,000,000 per employee
MC1/23/800/00202-23000805	Medical Insurance Policy	Walaa Cooperative Insurance Company	15 Thul-Hijjah 1444H (corresponding to 3 July 2023G) to 20 Jumada al-Akhirah 1445H (corresponding to 2 July 2024G).	SAR 1,000,000 per employee

Policy No.	Types of Insurance Coverage	Insurer and Insured	Validity	Maximum Insurance Coverage
FA/31144/0/0/0	Property All Risks Insurance Policy	Gulf Insurance Group Company	19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G) to 11 Rajab 1447H (corresponding to 31 December 2024G).	The specifications attached to the insurance policy stipulate that for: - Strikes and Riots: insurance will cover up to 25 per cent. of the total insured for each location. - Professional Fees: 5 per cent. of the claim value, with a maximum of SAR 10,000 per claim and SAR 250,000 for total claims. - Rubble Removal: 5 per cent. of the total insured, with a maximum of SAR 250,000. - Capital Additions Item: 10 per cent. of the total insured for buildings, machinery and equipment for each site. - Firefighting: a maximum of SAR 100,000. - Claims Preparation: 5 per cent. of the claim, maximum SAR 10,000. - Temporary Removal Clause: 10 per cent. (excluding stocks). - Acceleration Clause: 10 per cent. of the claim value, a maximum of SAR 10,000 for the claim. - Theft Coverage: subject to the use of force and entry or exit from the insured premises. - Additional Costs Item: maximum SAR 300,000.
C1-23-700-000001/0	Medical Malpractices	Walaa Cooperative Insurance Company	13 Thul-Hijjah 1444H (corresponding to 1 July 2023G) to 24 Thul-Hijjah 1445H (corresponding to 30 June 2024G).	SAR 250,000
32660284	Car Insurance Policy	The Company for Cooperative Insurance (Tawuniya)	14 Rabi' al-Awwal 1445H (corresponding to 29 September 2023G) to 24 Rabi' al-Awwal 1446H (corresponding to 28 September 2024G).	SAR 10,000,000
MC1/23/800/00206-23000809	Medical Insurance Policy	Walaa Cooperative Insurance Company	15 Thul-Hijjah 1444H (corresponding to 3 July 2023G) to 20 Jumada al-Akhirah 1445H (corresponding to 2 July 2024G).	SAR 1,000,000 per employee
MC1/23/800/00208-23000811	Medical Insurance Policy	Walaa Cooperative Insurance Company	15 Thul-Hijjah 1444H (corresponding to 3 July 2023G) to 20 Jumada al-Akhirah 1445H (corresponding to 2 July 2024G).	SAR 1,000,000 per employee

Source: The Company.

12.8 Real Estate

12.8.1 Real Estate Owned by the Company

The table below shows a summary of the properties owned by the Company:

Table 12.8: Details of Real Estate Owned by the Company:

Owner	Title Deed Particulars	Location	Description and Purpose	Rights of Third Parties/Disputes	Book Value As of 30 September 2023G
The Company	Title deed number 310115038919 dated 25 Thul-Hijjah 1435H (corresponding to 19 October 2014G).	Al Arid District, Riyadh, Kingdom of Saudi Arabia.	Building on a plot of land with a total size of 59,660.25 sqm., for the purpose of workers accommodation's building.	N/A	SAR 54,565,225 for the land SAR 35,553,129 for the building

Source: The Company.

12.8.2 Lease Agreements

As of the date of this Prospectus, the Company and its Subsidiaries have entered into a number of lease agreements in connection with its business. The Company and its Subsidiaries, as lessees in these agreements, guarantee the payment of the annual rental amount as specified in each agreement. The lease term varies in each agreement, but it usually ranges from one to ten years and some agreements provide automatic renewal. Most lease agreements provide provisions that allow one party to terminate the agreement by providing a notice of no less than fifteen days to one month before the end of the agreement. As of the date of this Prospectus, the Group has documented all lease agreements on the Ejar platform, with the exception of four agreements. (for further details about the risks related to not documenting lease contracts via the Ejar platform, see Section 2.1.19 *(Risks Relating to Manpower Resources Housing)*. The Company's Board of Directors acknowledges that there is no substantive lease agreements on which the Company or its Subsidiaries depend in the field of its operations. The following table shows the details of the lease agreements concluded by the Company:

Table 12.9: Details of Lease Agreements Entered into by the Company and its Subsidiaries

#	Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/Assignment
1	The Company (as lessee) and Kamal Mohammed Eid Garnabish (as lessor) (1)	Al Mohammadiyyah District, Jeddah, Kingdom of Saudi Arabia	616 sqm.	SAR 200,000 annually (with a deduction of SAR 100,000 for the first year, SAR 51,855 for the second year and SAR 50,000 for the third year)	Five years, starting from 25 Rabi' al-Akhirah 1440H (corresponding to 1 January 2019G) until 29 Rabi' al-Thani 1446H (corresponding to 1 November 2024G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by Company at least one (1) month prior to the expiry of the initial term.	If either party breached any of its obligations under the agreement and fails to remedy it within ten (10) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Jeddah branch	The lessee has the right to sublease or assign any portion of the property.
2	The Company (as lessee) and Ismael Mosleh bin Amro (as lessor)	Prince Muteb, Jeddah, Kingdom of Saudi Arabia.	292.5 sqm.	SAR 130,000 every six months.	Three years, starting from 25 Rabi' al-Thani 1443H (corresponding to 30 November 2021G) until 27 Jumada al-Ula 1446H (corresponding to 29 November 2024G). Agreement is terminated by end of initial term. If parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Sales branch	N/A

#	Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/Assignment
3	The Company (as lessee) and Abdulrahman Sulaiman Abdullah Al Shaikh (as lessor)	Rihab, Jeddah, Kingdom of Saudi Arabia.	40 sqm.	SAR 46,000 in lump-sum.	One year, starting from 22 Safar 1445H (corresponding to 7 September 2023G) until 3 Rabi' al-Awwal 1446H (corresponding to 6 September 2024G). Agreement is terminated by end of initial term. If parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Sales branch	N/A
4	The Company (as lessee) and Endowment of Asaad Hashim Wahbo Bader (as lessor)	Al Madina Al Munawwarah Road, Jeddah, Kingdom of Saudi Arabia.	360 sqm.	SAR 168,000 annually.	Five years, starting from 17 Rabi' al-Thani 1445H (corresponding to 1 November 2023G) until 13 Jumada al-Akhirah 1450H (corresponding to 31 October 2028G). Agreement is terminated by end of initial term. If parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate.	New Jeddah office	N/A
5	The Company (as lessee) and Mohammed Abdullah Mohammed bin Saeed (as lessor)	Prince Nasser bin Saud bin Farhan Al Saud, Al Sahafa, Riyadh, Kingdom of Saudi Arabia.	79 sqm	SAR 35,000 semi-annually.	One year, starting from 16 Safar 1445H (corresponding to 1 September 2023G) until 27 Safar 1446H (corresponding to 31 August 2024G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by either party sixty (60) days prior to the expiry of the initial term.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Al Sahafa branch	N/A
6	The Company (as lessee) and Asma Misfer Namas Al Oboud (as lessor)	Batha Quraish district, Makkah Al Mukarrama, Kingdom of Saudi Arabia.	161 sqm.	SAR 70,000 annually.	Three years, starting from 7 Rabi' al-Awwal 1444H (corresponding to 3 October 2022G) until 10 Rabi' al-Thani 1447H (corresponding to 2 October 2025G). Agreement is terminated by the end of initial term. If the parties wish to renew, a new agreement shall be signed.	The lesson has the right to terminate the agreement by the end of any contractual year.	Makkah branch	N/A

#	Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/Assignment
7	The Company (as lessee) and Abdulaziz Muneer Abdullah Al Bugmi (as lessor)	Airport Road, Al Taif, Kingdom of Saudi Arabia.,	750 sqm (150 per unit).	SAR 100,000 annually.	Three years, starting from 5 Rabi' al-Awwal 1444H (corresponding to 1 October 2022G) until 8 Rabi' al-Thani 1447H (corresponding to 30 September 2025G). Agreement is terminated by the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessee has the right to terminate the agreement by the end of any contractual year.	Al Taif branch	The lessee may not sublease or assign any portion of the property, without prior written approval from the lessor.
8	The Company (as lessee) and Faisal Abdulkareem Mohammed Halawani (as lessor)	King Abdullah Branch Road, Al Madina Al Munawwarah, Kingdom of Saudi Arabia.	200 sqm.	SAR 105,000 annually.	365 days, starting from 25 Safar 1445H (corresponding to 10 September 2023G) until 6 Rabi' al-Awwal 1446H (corresponding to 9 September 2024G). Agreement is terminated by the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Madina branch	The lessee has the right to sublease or assign any portion of the property.
9	The Company (as lessee) and Nasser Abdullah Mohammed Al Dossary (as lessor)	King Fahad Road, Al Dammam, Kingdom of Saudi Arabia.	1212 sqm.	SAR 200,000 annually.	Three years, starting from 29 Jumada al-Akhirah 1443H (corresponding to 1 February 2022G) until 1 Sha'ban 1446H (corresponding to 31 January 2025G). Agreement is terminated by the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessee has the right to terminate the agreement after the first year, by giving a three (3) months' notice.	Dammam branch	The lessee may sublease or assign any portion of the property.
10	The Company (as lessee) and Hamad Mubarak Humood Al Kahtani (as lessor)	Al Jubail, Kingdom of Saudi Arabia.	112 sqm.	SAR 22,000 annually.	One year, starting from 16 Rabi' al-Awwal 1445H (corresponding to 1 October 2023G) until 27 Rabi' al-Awwal 1446H (corresponding to 30 September 2024G). Agreement is terminated by the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within thirty (30) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Al Jubail Office	The lessee may sublease or assign any portion of the property.

#	Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/Assignment
11	Saudi Logistic (as lessee) Abdullah Ahmad Mohammed Al Ghumaidhi (as lessor)	Ibn Ad Daminah, As Safa District, Jeddah, Kingdom of Saudi Arabia.	750 sqm.	SAR 400,000 annually.	Three years, starting from 16 Rabi' al-Awwal 1445H (corresponding to 1 October 2023G) until 19 Rabi' al-Thani 1448H (corresponding to 30 September 2026G). Agreement is terminated by end of initial term. If parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate. Both parties have the right to terminate the agreement by the end of any contractual year. Lessee shall also pay a sum of SAR 97,500 at the end of the term, or in case of any breach.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
12	Saudi Logistic (as lessee) and Sulaiman Saleh Sulaiman Al Gumai' (as lessor) (1)	Riyad al Khabra, Al Qassim, Kingdom of Saudi Arabia.	1300 sqm.	SAR 60,000 annually.	Four years, starting from 5 Rabi' al-Thani 1445H (corresponding to 20 October 2023G) until 19 Jumada al-Ula 1449H (corresponding to 19 October 2027G). If parties wish to renew, a new agreement shall be signed.	Both parties have the right to terminate the agreement.	Company headquarters for any activity related to the Company.	The lessee has the right to sublease or assign any portion of the property.
13	Saudi Logistic (as lessee) and Eissa Awadh Raheel Al Harbi (as lessor) (1)	Al Ghasala District, Makkah Al Mukarrama, Kingdom of Saudi Arabia.	493.77 sqm.	SAR 90,000 annually.	Five years, starting from 25 Rabi' al-Thani 1440H (corresponding to 1 January 2019G) until 18 Jumada al-Akhirah 1445H (corresponding to 31 December 2023G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by the Company at least two (2) months prior to the expiry of the initial term.	The lessee has the right to terminate the agreement by the end of any contractual year.	Manpower resources housing	The lessee may not sublease or assign any portion of the property, without prior written approval from the lessor.
14	Saudi Logistic (as lessee) and Ali Mohammed Saleh Bawazeer (as lessor)	40th Street, Al Jubail Kingdom of Saudi Arabia.	1350 sqm.	SAR 180,000 annually.	Three years, starting from 24 Safar 1443H (corresponding to 1 October 2021G) until 27 Rabi' al-Awwal 1446H (corresponding to 30 September 2024G). Agreement is terminated by the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessee has the right to terminate the agreement by the end of any contractual year.	Manpower resources housing	Company may not sublease or assign any portion of the property.

#	Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/Assignment
15	Saudi Logistic (as lessee) and Mohammed Abdullah Saad Al Ghamdi (as lessor)	Saleh Ibrahim Al Zahri, Jeddah, Kingdom of Saudi Arabia.	600 sqm.	SAR 500,000 annually.	Three years, starting from 27 Ramadan 1444H (corresponding to 18 April 2023G) until 29 Shawwal 1447H (corresponding to 17 April 2026G). Agreement is terminated at the end of initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate. The lessee has the right to terminate the agreement by the end of any contractual year.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
16	Saudi Logistic (as lessee) and Raed Yousef Saleh Tayeb (as lessor)	Al Hamdaniyyah District, Jeddah, Kingdom of Saudi Arabia.	620.5 sqm.	SAR 160,000 annually.	Two years, starting from 24 Rajab 1444H (corresponding to 15 February 2023G) until 15 Sha'ban 1446H (corresponding to 14 February 2025G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within thirty (30) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
17	Saudi Logistic (as lessee) and Ahmad Jamaan Ahmad Al Ghamdi (as lessor)	Al Ajaweed District, Jeddah, Kingdom of Saudi Arabia.	750 sqm.	SAR 140,000 annually.	Five years, starting from 1 Safar 1438H (corresponding to 1 November 2016G) until 25 Rabi' al-Awwal 1443H (corresponding to 31 October 2021G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by any of the parties at least two (2) months prior to the expiry of the initial term.	N/A	Company headquarters for any activity related to the Company.	The lessee has the right to sublease the property.
18	Saudi Logistic (as lessee) and Abdulrahman Saleh Abdullah Al Bunayan (as lessor)	Al Razi, Jeddah, Kingdom of Saudi Arabia.	1,112 sqm.	SAR 330,000 annually.	Five years, starting from 17 Rabi' al-Thani 1445H (corresponding to 1 November 2023G) until 13 Jumada al-Akhirah 1450H (corresponding to 31 October 2028G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate. The lessee has the right to terminate the agreement in any of the last four (4) contractual years.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.

#	Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/Assignment
19	Saudi Logistic (as lessee) and Majed Talhab Hamad Al Otaibi (as lessor)	King Fahad Branch Road, Jeddah, Kingdom of Saudi Arabia.	458 sqm.	SAR 210,000 in lump-sum.	One year, starting from 16 Rabi' al-Awwal 1445H (corresponding to 1 October 2023G) until 27 Rabi' al-Awwal 1446H (corresponding to 30 September 2024G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing.	N/A
20	Saudi Logistic (as lessee) and Ali Mousa Mohammed Haidari (as lessor)	Yasser bin Amer Alkinani Road, Makkah, Kingdom of Saudi Arabia.	20 sqm.	SAR 270,000 annually.	730 days, starting from 16 Rabi' al-Awwal 1445H (corresponding to 1 October 2023G) until 8 Rabi' al-Thani 1447H (corresponding to 30 September 2025G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The lessee has the right to sublease the property.
21	Saudi Logistic (as lessee) and Ibrahim Mohammed Hamad Al Sagri (as lessor)	Al Fayha District, Riyadh, Kingdom of Saudi Arabia.	993.75 sqm.	SAR 180,000 annually.	Five years, starting from 1 Jumada al-Akirah 1445H (corresponding to 14 December 2023G) until 26 Rajab 1450H (corresponding to 13 December 2028G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within thirty (30) days of receiving a written notice by the affected party, the affected party has the right to terminate or if the parties agree to terminate the agreement.	Residential building	The lessee has the right to sublease or assign any portion of the property.
22	Saudi Logistic (as lessee) and Abdulaziz Mohammed Hussain Al Tamimi (as lessor) (1)	Al Nahda District, Al Kharj, Kingdom of Saudi Arabia.	750 sqm.	SAR 150,000 annually.	Five years, starting from 29 Jumada al-Ula 1445H (corresponding to 13 December 2023G) until 25 Rajab 1450H (corresponding to 12 December 2028G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessee has the right to terminate the agreement by the end of any contractual year.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.

#	Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/Assignment
23	Saudi Logistic (as lessee) and Musa'ad Marshod Jaber Al Rehaili (as lessor)	Umayr ibn Aws, Jeddah, Kingdom of Saudi Arabia.	600 sqm	SAR 350,000 annually.	Three years, starting from 5 Rabi' al-Awwal 1444H (corresponding to 1 October 2022G) until 8 Rabi' al-Thani 1447H (corresponding to 30 September 2025G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
24	Saudi Logistic (as lessee) and Talib Awadh Ahmad Al Sayed (as lessor) (1)	Al Murjaneh District, Rabigh, Kingdom of Saudi Arabia.	462 sqm.	SAR 50,000 annually.	Four years, starting from 13 Safar 1445H (corresponding to 29 August 2023G) until 26 Rabi' al-Awwal 1449H (corresponding to 28 August 2027G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessee has the right to terminate the agreement by the end of any contractual year.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
25	Saudi Logistic (as lessee) and Masoud Mohammed Abdullah Al Qahtani (as lessor)	Al Sharaf District, Abha, Kingdom of Saudi Arabia.	630 sqm.	SAR 180,000 annually.	Five years, starting from 17 Rabi' al-Thani 1445 (corresponding to 1 November 2023G) until 20 Jumada al-Ula 1448H (corresponding to 31 October 2026G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within thirty (30) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
26	Saudi Logistic (as lessee) and Al Namaa Endowment (as lessor)	King Abdul Aziz Street Buraydah, Al Qassim, Kingdom of Saudi Arabia.	2286 sqm.	SAR 317,000 in lump-sum.	364 days, starting from 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) until 18 Jumada al-Akhirah 1445H (corresponding to 31 December 2023G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by either party sixty (60) days prior to the expiry of the agreement.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.

#	Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/Assignment
27	Saudi Logistic (as lessee) and Jamal Mohammed Ahmad Al Khenani (as lessor) (1)	Sultan Bin Abdulaziz Street, Al Jouf, Kingdom of Saudi Arabia.	387 sqm.	SAR 40,000 for the first year, and SAR 45,000 for the remaining years.	Five years, starting from 1 Muharram 1438H (corresponding to 2 October 2016G) until 24 Safar 1443H (corresponding to 1 October 2021G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by Company at least two (2) months prior to the expiry of the initial term.	Company has the right to terminate the agreement by the end of any contractual year.	Manpower resources housing	Company has the right to sublease or assign any portion of the property.
28	Saudi Logistic (as lessee) and Nawaf Barakah Hajjaj Al Shammari (as lessor)	Al Amir Sultan Ibn Abdul Aziz, Al Wusayta, Hail, Kingdom of Saudi Arabia.	600 sqm.	SAR 80,000 annually.	Five years, starting from 14 Jumada al-Akhirah 1445H (corresponding to 27 December 2023G) until 10 Sha'ban 1450H (corresponding to 26 December 2028G). If the parties wish to renew, a new agreement shall be signed.	Company has the right to terminate the agreement by the end of any contractual year.	Manpower resources housing	Company has the right to sublease or assign any portion of the property.
29	Saudi Logistic (as lessee) and Abdulhafeeth Abdulrazag Abo Al Hasan Bashawri (as lessor) (1)	Al Mubaeeth District, Al Madina Al Munawwarah, Kingdom of Saudi Arabia.	534.76 sqm.	SAR 200,000 annually.	Five years, starting from 23 Rabi' al-Awwal 1440H (corresponding to 1 December 2018G) until 16 Jumada al-Ula 1445H (corresponding to 30 November 2023G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by Company at least two (2) months prior to the expiry of the initial term.	The lessee has the right to terminate the agreement by the end of any contractual year.	Manpower resources housing	The lessee may not sublease or assign any portion of the property, without prior written approval from the lessor.
30	Saudi Logistic (as lessee) and Fawzia Abdulrahman Abdulaziz Boudi (as lessor) (1)	Al Salihiya District, Al Hafouf, Al Ahsa, Kingdom of Saudi Arabia.	704 sqm.	SAR 140,000 annually.	365 days, starting from 1 Jumada al-Ula 1445H (corresponding to 15 November 2023G) until 12 Jumada al-Awwal 1446H (corresponding to 14 November 2024G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessee has the right to terminate the agreement by the end of any contractual year.	Manpower resources housing	Company has the right to sublease or assign any portion of the property.

#	Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/Assignment
31	Saudi Logistic (as lessee) and Fahad Abdullah Othman Al Saleh (as lessor)	Al Walid Street, King Fahad District, Al Majma'ah, Riyadh, Kingdom of Saudi Arabia.	500 sqm as residential building and 500 sqm as land.	SAR 80,000 annually.	Five years, starting from 14 Muharram 1445H (corresponding to 1 August 2023G) until 9 Rabi' al-Awwal 1450H (corresponding to 31 July 2028G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within thirty (30) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
32	Saudi Logistic (as lessee) and Ahmad Ali Garmish Al Ghamdi (as lessor)	Al Madan District, Baljurashi, Kingdom of Saudi Arabia.	1,690 sqm.	SAR 110,000 annually.	Five years, starting from 16 Rabi' al-Awwal 1445H (corresponding to 1 October 2023G) until 11 Jumada al-Ula 1450H (corresponding to 30 September 2028G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within thirty (30) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The Lessee has the right to sublease or assign any portion of the property.
33	Saudi Logistic (as lessee) and Ayama Charity (as lessor)	Al Yasmin Riyadh, Kingdom of Saudi Arabia.	900 sqm.	SAR 600,000 annually.	Three years, starting from 14 Sha'ban 1444H (corresponding to 6 March 2023G) until 16 Ramadan 1447H (corresponding to 5 March 2026G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The lessee does not have the right to sublease or assign any portion of the property.
34	Saudi Logistic (as lessee) and Mishari Kurdi Da'beel Al Dhufairi (as lessor)	Al Saha, Riyadh, Kingdom of Saudi Arabia.	400 sqm.	SAR 300,000 annually.	Three years, starting from 9 Sha'ban 1444H (corresponding to 1 March 2023G) until 11 Ramadan 1447H (corresponding to 28 February 2026G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.

#	Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/Assignment
35	Saudi Logistic (as lessee) and Abdulrahman Nasser Mohammed Al Dabbas (as lessor)	Dabbas bin Rashid, Riyadh, Kingdom of Saudi Arabia.	650 sqm.	SAR 260,000 annually.	Three years, starting from 2 Sha'ban 1444H (corresponding to 22 February 2023G) until 4 Ramadan 1447H (corresponding to 21 February 2026G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
36	Saudi Logistic (as lessee) and Mohammed Abdulrahman Abdullah Al Junaidel (as lessor)	Al Qirawan District, Riyadh, Kingdom of Saudi Arabia.	1,300 sqm.	SAR 532,000 annually.	Three years, starting from 26 Thul-Hijjah 1443H (corresponding to 25 July 2022G) until 29 Muharram 1447H (corresponding to 24 July 2025G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
37	Saudi Logistic (as lessee) and Saleh Fahad Mohammed Al Arifi (as lessor)	Al Tawhed, Al Awali, Riyadh, Kingdom of Saudi Arabia.	1,050 sqm.	SAR 270,000 in lump-sum.	One year, starting from 25 Muharram 1445H (corresponding to 12 August 2023G) until 7 Safar 1446H (corresponding to 11 August 2024G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by either party sixty (60) days prior to the expiry of the agreement.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
38	Saudi Logistic (as lessee) and Eid Mansour Dowayhan Al Otaibi (as lessor)	Najran Street, Riyadh, Kingdom of Saudi Arabia.	600 sqm.	SAR 150,000 semi-annually.	364 days, starting from 7 Jumada al-Ula 1444H (corresponding to 1 December 2022G) until 16 Jumada al-Ula 1445H (corresponding to 30 November 2023G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by either party sixty (60) days prior to the expiry of the agreement.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.

#	Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/Assignment
39	Saudi Logistic (as lessee) and Abdullah Mohammed Awn Al Gharni (as lessor)	Al Khuzama District, Bisha, Kingdom of Saudi Arabia.	540 sqm.	SAR 65,000 annually.	Five years, starting from 7 Jumada al-Ula 1444H (corresponding to 1 December 2022G) until 2 Rajab 1449H (corresponding to 30 November 2027G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within thirty (30) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The Lessee has the right to sublease or assign any portion of the property.
40	Saudi Logistic (as lessee) and Ali Abdullah Mohammed Al Muhanna (as lessor)	Al Midmar, Riyadh, Kingdom of Saudi Arabia.	1,200 sqm (100 per unit).	SAR 250,000 annually.	364 days, starting from 17 Jumada al-Ula 1445H (corresponding to 1 December 2023G) until 28 Jumada al-Ula 1446H (corresponding to 30 November 2024G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
41	Saudi Logistic (as lessee) and Abdulaziz Nasser Mohammed Al Ghalth (as lessor)	Abdulqader Al Jazairi, Riyadh, Kingdom of Saudi Arabia.	875 sqm.	SAR 230,000 annually.	Three years, starting from 8 Thul-Hijjah 1444H (corresponding to 26 June 2023G) until 10 Muharram 1448H (corresponding to 25 June 2026G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
42	Saudi Logistic (as lessee) and Ali Fahad Saleh Al Qahtani (as lessor)	Al Munsiyah, Riyadh, Kingdom of Saudi Arabia.	210 sqm (70 per unit).	SAR 330,000 in lump-sum.	One year, starting from 25 Muharram 1445H (corresponding to 23 June 2023G) until 7 Safar 1446H (corresponding to 11 August 2024G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.

#	Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/Assignment
43	Saudi Logistic (as lessee) and Mohammed Hamad Ibrahim Al Meshaal (as lessor)	Nahar As Sind, Riyadh, Kingdom of Saudi Arabia.	900 sqm	SAR 480,000 in lump-sum.	One year, starting from 12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G) until 23 Thul-Qi'dah 1445H (corresponding to 31 May 2024G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by either party sixty (60) days prior to the expiry of the agreement.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
44	Saudi Logistic (as lessee) and Mishari Sanad Furaih Al Kham'ali (as lessor)	King Abdullah Road, Rafha, Kingdom of Saudi Arabia.	130 sqm.	SAR 50,000.	One year, starting from 12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G) until 23 Thul-Qi'dah 1445H (corresponding to 31 May 2024G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessee has the right to terminate the agreement by the end of any contractual year.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
45	Saudi Logistic (as lessee) and Saud Saad Saud Al Muflih (as lessor)	Fahad bin Sultan Road, Tabuk, Kingdom of Saudi Arabia.	1080 sqm	SAR 170,000 in lump-sum.	One year, starting from 20 Shawwal 1444H (corresponding to 10 May 2023G) until 1 Thul-Qi'dah 1445H (corresponding to 9 May 2024G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessee has the right to terminate the agreement by the end of any contractual year.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
46	Saudi Logistic (as lessee) and Asma Misfer Namas Al Oboud (as lessor)	Al Adl, Makkah Al Mukarrama, Kingdom of Saudi Arabia.	380 sqm.	SAR 300,000 annually.	Three years, starting from 7 Rabi' al-Awwal 1444H (corresponding to 3 October 2022G) until 10 Rabi' al-Thani 1447H (corresponding to 2 October 2025G). The Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessee has the right to terminate the agreement by the end of any contractual year.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.

#	Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/Assignment
47	Saudi Logistic (as lessee) and Ne'mah Hussain Shaikh Al Yahya and Buthaina Ali Ageel Al Jaa'fari (as lessors)	Al Adel, Makkah Al Mukarrama, Kingdom of Saudi Arabia.	800 sqm.	SAR 50,000 semi-annually.	Three years, starting from 7 Jumada al-Akhirah 1444H (corresponding to 31 December 2022G) until 10 Rajab 1447H (corresponding to 30 December 2025G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessee has the right to terminate the agreement by the end of any contractual year.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
48	Saudi Logistic (as lessee) and Maha Mohammed Atiq Al Radadi (as lessor) (1)	Al Baida'a District, Al Madina Al Munawwarah, Kingdom of Saudi Arabia.	1,095 sqm.	SAR 180,000 annually.	364 days, starting from 22 Ramadan 1445H (corresponding to 1 April 2024G) until 2 Shawwal 1446H (corresponding to 31 March 2025G). Automatically renewable for a similar period unless either party notifies the other party of its intent not to renew at least sixty (60) days prior to the expiry of the initial term.	The lessee has the right to terminate the agreement by the end of any contractual year.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
49	Saudi Logistic (as lessee) and Abdulkareem Mohammed Abdulmen'em Al Marwani (as lessor) (1)	Al Salam District, Al Madina Al Munawwarah, Kingdom of Saudi Arabia.	625 sqm.	SAR 100,000 annually.	Four years, starting from 26 Rabi' al-Awwal 1445H (corresponding to 11 October 2023G) until 10 Jumada al-Ula 1449H (corresponding to 10 October 2027G). If the parties wish to renew, a new agreement shall be signed.	The lessee has the right to terminate the agreement by the end of any contractual year.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
50	Saudi Logistic (as lessee) and Othman Meshaal Bajd Al Otaibi (as lessor)	Al Arfaa, Al Taif, Kingdom of Saudi Arabia	300 sqm.	SAR 100,000 annually.	Three years, starting from 2 Rabi' al-Awwal 1444H (corresponding to 28 September 2022G) until 5 Rabi' al-Thani 1447H (corresponding to 27 September 2025G). The Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	In the event of termination by the lessee, it shall not be entitled to take back the remaining rent.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.

#	Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/Assignment
51	Saudi Logistic (as lessee) and Khaled Mohsen Alwan Al Wathani (as lessor)	Al Jal District, Al Taif, Kingdom of Saudi Arabia.	600 sqm.	SAR 244,000 annually.	Five years, starting from 15 Ramadan 1444H (corresponding to 6 April 2023G) until 10 Thul-Qi'dah 1449H (corresponding to 5 April 2028G). The Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within thirty (30) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
52	Saudi Logistic (as lessee) and Nasser Munser Mohammed Al Wad'e (as lessor)	Um Al Resaf, Al Taif, Kingdom of Saudi Arabia.	250 sqm.	SAR 220,008 annually.	Three years, starting from 2 Ramadan 1444H (corresponding to 24 March 2022G) until 4 Shawwal 1447H (corresponding to 23 March 2026G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by Company at least two (2) months prior to the expiry of the initial term.	The lessee has the right to terminate the agreement by the end of any contractual year.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property
53	Saudi Logistic (as lessee) and Mohammed Humaid Hammad Al Johani (as lessor)	Anas bin Malik Road, Yanbu, Kingdom of Saudi Arabia.	3780 sqm (90 per unit).	SAR 280,000 annually.	One year, starting from 1 Muharram 1444H (corresponding to 21 May 2023G) until 12 Thul-Qi'dah 1445H (corresponding to 20 May 2024G). The Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessee has the right to terminate the agreement by the end of any contractual year.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
54	Saudi Logistic (as lessee) and Nabil Eid Metliq Al Safr (as lessor)	Al Rafha District, Al Dammam, Kingdom of Saudi Arabia.	600 sqm.	SAR 225,000 annually.	Five years, starting from 9 Sha'ban 1444H (corresponding to 1 March 2023G) until 15 Shawwal 1450H (corresponding to 28 February 2029G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by Company at least two (2) months prior to the expiry of the initial term.	If either party breached any of its obligations under the agreement and fails to remedy it within thirty (30) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.

#	Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/Assignment
55	Saudi Logistic (as lessee) and Remas Ghazi Hamdi Al Mutairi (as lessor)	Al Khalidiyah, Hafr Al Batin, Kingdom of Saudi Arabia.	290 sqm.	SAR 95,000 annually.	Four years starting from 20 Rabi' al-Awwal 1444H (corresponding to 16 October 2022G) until 23 Rabi' al-Thani 1447H (corresponding to 15 October 2025G). The Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessee has the right to terminate the agreement by the end of any contractual year.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
56	Saudi Logistic (as lessee) and Jawad Hassan Mohammed Al Khars (as lessor)	Ibn Sina, Khubar, Kingdom of Saudi Arabia.	600 sqm.	SAR 280,000 annually.	730 days, starting from 30 Rabi' al-Awwal 1445H (corresponding to 15 October 2023G) until 22 Rabi' al-Thani 1447H (corresponding to 14 October 2025G). The Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
57	Saudi Logistic (as lessee) and Abdullah Ali Ahmad Al Ghamdi (as lessor)	Al Jamouh Al Ansari. Al Baha, Kingdom of Saudi Arabia.	894 sqm.	SAR 80,000.	One year, starting from 12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G) until 23 Thul-Qi'dah 1445H (corresponding to 31 May 2024G). The Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessee has the right to terminate the agreement by the end of any contractual year.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
58	Saudi Logistic (as lessee) and Saleh Hussain Ali Al Hayah (as lessor)	Al Rasras District, Khamis Mushait, Kingdom of Saudi Arabia.	460 sqm.	SAR 100,000 annually.	Five years, starting from 11 Shawwal 1444H (corresponding to 1 May 2023G) until 5 Thul-Hijjah 1449H (corresponding to 30 April 2028G). The Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within thirty (30) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.

#	Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/Assignment
59	Saudi Logistic (as lessee) and Mohammed Saleh Mohammed Al Qahtani (as lessor)	Hijlah, Khamis Mushait, Kingdom of Saudi Arabia.	700 sqm.	SAR 200,000.	One year, starting from 12 Thul-Qi'dah 1444H (corresponding to 1 June 2024G) until 23 Thul-Qi'dah 1445H (corresponding to 31 May 2027G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by Company at least two (2) months prior to the expiry of the initial term.	The lessee has the right to terminate the agreement by the end of any contractual year	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
60	Saudi Logistic (as lessee) and Alaa Mansour Mohammed Sharaheli (as lessor)	Al Shareef Ahmad bin Saeed, Jeddah, Kingdom of Saudi Arabia.	625 sqm.	SAR 120,000 annually.	Seven years, starting from 24 Safar 1445H (corresponding to 9 September 2023G) until 29 Rabi' al-Thani 1451H (corresponding to 8 September 2029G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessee has the right to terminate the agreement by the end of any contractual year.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.
61	The Company (as lessee) and Alaa Mansour Mohammed Sharaheli (as lessor)	Khaleej Salman Street, Northern Obhur District, Jeddah, Kingdom of Saudi Arabia	625 sqm.	SAR 120,000 annually.	Six years, starting from 24 Safar 1445H (corresponding to 9 September 2023G) until 29 Rabi' al-Thani 1451H (corresponding to 8 September 2029G). Agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	If either party breached any of its obligations under the agreement and fails to remedy it within fifteen (15) days of receiving a written notice by the affected party, the affected party has the right to terminate.	Manpower resources housing	The lessee has the right to sublease or assign any portion of the property.

Source: The Company.

(1) As of the date of this Prospectus, the lease has not been registered on the Ejar platform. For further information about the risks related to not registering lease agreement on the Ejar platform, see Section 2.1.19 *(Risks Related to Manpower Resources Housing)*.

12.9 Related Party Contracts and Transactions

12.9.1 Services Agreement between the Company and Al Holoul Al Mutakamela Holding Company and its Subsidiaries

The Company (as service provider) has entered into a services agreement with Al Holoul Al Mutakamela Holding Company (as customer) for the purpose of providing support services. This is in consideration of SAR 1,092,090 and SAR 529,000 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement was concluded on 3 Thul-Q'idah 1443H (corresponding to 2 June 2022G) for a term of one year, renewable for a similar term upon a mutual agreement between both parties. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement.

This agreement is with a Related Party due to the interest of the members of the Board of Directors, Fahad Ali Mohammad Al Mehedb, Saad Nahar Baddah Al Mutairi, Fahad Zwaid Melfi Al Mutairi and Hesham Hasan Saleh Atieh, in their capacity as members of the Board of Directors of Al Holoul Al Mutakamela Holding Company. Accordingly, this agreement and this interest were presented to the Company's General Assembly in the meeting dated 9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G).

12.9.2 Manpower Services Agreement between the Company and Saudi Facilities Management Company (Saudi Marafiq)

The Company (as service provider) has entered into a manpower services agreement with Saudi Facilities Management Company (Saudi Marafiq) (as customer) for the purpose of providing manpower services. This is in consideration of SAR 44,177,479 and SAR 32,554,926 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement was concluded on 23 Sha'ban 1440H (corresponding to 28 April 2019G) for a term of two years, renewable on similar terms, if the second party notifies the Company of its intention of renewal at least four 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 resolved amicably by referring to the competent management at the Company, if not resolved amicably, it shall be referred to the Senior Executive Management of the Company, if not resolved, then it shall be referred to the concerned labour office in a bid for amicable means prior to the hearing at the competent courts in Riyadh.

This agreement is with a Related Party due to the interest of the members of the Board of Directors, Fahad Ali Mohammad Al Mehedb, Saad Nahar Baddah Al Mutairi, Fahad Zwaid Melfi Al Mutairi and Hesham Hasan Saleh Atieh, in their capacity as members of the Board of Directors of the Al Holoul Al Mutakamela Holding Company in its capacity as a shareholder in Saudi Facilities Management Company. Accordingly, this agreement and this interest were presented to the Company's General Assembly in the meeting dated 9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G).

12.9.3 Operation and Maintenance Costs Agreement between the Company and Saudi Facilities Management Company (Saudi Marafiq)

The Company (as customer) has entered into an operation and maintenance costs agreement with Saudi Facilities Management Company (Saudi Marafiq) (as service provider) for the purpose of providing operation and maintenance costs. This is in consideration of SAR 4,729,465 and SAR 7,170,717 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement was concluded on 23 Sha'ban 1440H (corresponding to 28 April 2019G) for a term of two years, renewable on similar terms, if the second party notifies the Company of its intention of renewal at least four 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 resolved amicably by referring to the competent management at the Company, if not resolved amicably, it shall be referred to the Senior Executive Management of the Company, if not resolved, then it shall be referred to the concerned labour office in a bid for amicable means prior to the hearing at the competent courts in Riyadh.

This agreement is with a Related Party due to the interest of the members of the Board of Directors, Fahad Ali Mohammad Al Mehedb, Saad Nahar Baddah Al Mutairi, Fahad Zwaid Melfi Al Mutairi and Hesham Hasan Saleh Atieh, in their capacity as members of the Board of Directors of the Al Holoul Al Mutakamela Holding Company, in its capacity as a shareholder in Saudi Facilities Management Company. Accordingly, this agreement and this interest were presented to the Company's General Assembly in the meeting dated 9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G).

12.9.4 Manpower Services Agreement between the Company and Saudi Medical Services Company (Adeed)

The Company (as service provider) has entered into a manpower services agreement with Saudi Medical Services Company (Adeed) (as customer) for the purpose of providing manpower services. This is in consideration of SAR 9,931,415 and SAR 4,158,654 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement was concluded on 13 Sha'ban 1440H (corresponding to 18 April 2019G) for a term of two years, renewable on similar terms, if the second party notifies the Company of its intention of renewal 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 resolved amicably by referring to the competent management at the Company, if not resolved amicably, it shall be referred to the Senior Executive Management of the Company, if not resolved, then it shall be referred to the concerned labour office in a bid for amicable means prior to the hearing at the competent courts in Riyadh.

This agreement is with a Related Party due to the interest of the members of the Board of Directors, Fahad Ali Mohammad Al Mehedb, Saad Nahar Baddah Al Mutairi, Fahad Zwaid Melfi Al Mutairi and Hesham Hasan Saleh Atieh, in their capacity as members of the Board of Directors of the Al Holoul Al Mutakamela Holding Company in its capacity as a shareholder in Saudi Medical Services Company (Adeed). Accordingly, this agreement and this interest were presented to the Company's General Assembly in the meeting dated 9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G).

12.9.5 Manpower Services Agreement between the Company and Areeb Human Resources Company

The Company (as service provider) has entered into a manpower services agreement with Areeb Human Resources Company (as customer) for the purpose of providing manpower services. This is in consideration of SAR 0 and SAR 286,487 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement was concluded on 5 Jumada al-Ula 1444H (corresponding to 29 November 2022G) for a term of two years, renewable on similar terms, if the second party notifies the Company of its intention of renewal 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 resolved amicably by referring to the competent management at the Company, if not resolved by amicably, it shall be referred to the Senior Executive Management of the Company, if not resolved, then it shall be referred to the concerned labour office in a bid for amicable means prior to the hearing at the competent courts in Riyadh.

This agreement is with a Related Party due to the fact that members of the Board of Directors, Fahad Ali Mohammad Al Mehedb, Saad Nahar Baddah Al Mutairi, Fahad Zwaid Melfi Al Mutairi and Hesham Hasan Saleh Atieh, are members of the Board of Directors of Al Holoul Al Mutakamela Holding Company, which owns Areeb Human Resources Company 100 per cent. Based on the authorisation issued by the General Assembly on 5 Jumada al-Ula 1445H (corresponding 28 November 2023G), the Company's Board of Directors approved this agreement in the meeting dated 1 Jumada al-Akhirah 1445H (corresponding 14 December 2023G).

12.9.6 Manpower Services Agreement between the Company and Funoon Services for Operation and Maintenance

The Company (as service provider) has entered into a manpower services agreement with Funoon Services for Operation and Maintenance (as customer) for the purpose of providing manpower services. This is in consideration of SAR 890,077 and SAR 997,964 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement was concluded on 10 Sha'ban 1437H (corresponding to 17 May 2016G) for a term of two years, renewable on similar terms, if the second party notifies the Company of its intention of renewal at least four 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 resolved amicably by referring to the competent management at the Company, if not resolved amicably, it shall be referred to the Senior Executive Management of the Company, if not resolved, then it shall be referred to the concerned labour office in a bid for amicable means prior to the hearing at the competent courts in Riyadh.

This agreement is with a Related Party due to the presence of an interest in it for the (former) Chief Executive Officer, Ayman Ali Hamad Al-Tamami, in his capacity as a shareholder in the Arts Services Company for Operation and Maintenance. Accordingly, this agreement and this interest were presented to the Company's General Assembly in the meeting dated 9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G). (Ayman Ali Hamad Al Tamami resigned from his position as Chief Executive Officer of the Company on 21 Ramadan 1445H (corresponding to 31 March 2024G) due to personal circumstances).

12.9.7 Manpower Services Agreement between the Company and Riyadh Inn Hotel

The Company (as service provider) has entered into a manpower services agreement with Riyadh Inn Hotel (as customer) for the purpose of providing manpower services. This is in consideration of SAR 170,634 and SAR 3,336 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement was concluded on 29 Rajab 1441H (corresponding to 28 October 2019G) for a term of two years, renewable on similar terms, if the second party notifies the Company of its intention of renewal 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 resolved amicably by referring to the competent management at the Company, if not resolved amicably, it shall be referred to the Senior Executive Management of the Company, if not resolved, then it shall be referred to the concerned labour office in a bid for amicable means prior to the hearing at the competent courts in Riyadh.

This agreement is with a Related Party due to the interest of Board Member Saad Al Baddah in it in his capacity as a Board Member of the Riyadh Inn Hotel. Accordingly, this agreement and this interest were presented to the Company's General Assembly in the meeting dated 9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G).

12.9.8 Services Agreement between Saudi Logistic Services Company and Saudi Facilities Management Company (Saudi Marafiq)

Saudi Facilities Management Company (Saudi Marafiq) (as service provider) has entered into a services agreement with Saudi Logistic Services Company (as customer) for the purpose of providing operation services. This is in consideration of SAR 1,149,475 and SAR 610,186 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement was concluded on 28 Jumada al-Ula 1443H (corresponding to 1 January 2022G) for a term of one year, automatically renewable for a similar term, unless a party notifies the other of its intention of non-renewal at least three months before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement not resolved amicably, shall be referred to the competent courts in the Kingdom of Saudi Arabia.

This is a Related Party agreement as the service provider 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.

12.9.9 Services Agreement between Saudi Logistic Services Company and Saudi Facilities Management Company (Saudi Marafiq)

Saudi Facilities Management Company (Saudi Marafiq) (as service provider) has entered into a services agreement with Saudi Logistic Services Company (as customer) for the purpose of providing operation services. This is in consideration of SAR 5,167,953 and SAR 2,962,119 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement was concluded on 28 Jumada al-Ula 1443H (corresponding to 1 January 2022G) for a term of one year, automatically renewable for a similar term, unless a party notifies the other of its intention of non-renewal at least three months before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement not resolved amicably, shall be referred to the competent courts in the Kingdom of Saudi Arabia.

This is a Related Party agreement as the service provider 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.

12.9.10 Service Agreement between Terhab Costumer Experience Company Limited and Saudi Facilities Management Company (Saudi Marafiq)

Terhab Customer Experience Company Limited (as service provider) has entered into service agreement with Saudi Facilities Management Company (Saudi Marafiq) (as customer) for the purpose of installation and supply. This is in consideration of SAR 30,134 and SAR 4,446 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement was concluded on 5 Jumada al-Ula 1443H (corresponding to 9 December 2021G) for a term of one year, renewable upon mutual written agreement between both parties. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be resolved amicably within 15 days, if not resolved by amicable means, it shall be referred to the competent courts in Riyadh.

This is a Related Party agreement as the customer 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.

12.9.11 Service Agreement between Terhab Customer Experience Company Limited and Saudi Medical Services Company (Adeed)

Terhab Customer Experience Company Limited (as service provider) has entered into a service agreement with Saudi Medical Services Company (Adeed) (as customer) for the purpose of installation and supply. This is in consideration of SAR 998,180 and SAR 0 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement was concluded on 5 Jumada al-Ula 1443H (corresponding to 9 December 2021G) for a term of one year, renewable upon mutual written agreement between both parties. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be resolved amicably within 15 days, if not resolved by amicable means, it shall be referred to the competent courts in Riyadh.

This is a Related Party agreement as the customer 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.

12.9.12 Service Agreement between Saudi Logistic Services Company Limited and Saudi Medical Services Company (Adeed)

Saudi Logistic Services Company Limited (as service provider) has entered into a service agreement with Saudi Medical Services Company (Adeed) (as customer) for the purpose of providing logistic services. This is in consideration of SAR 1,637,220 and SAR 0 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement was concluded on 28 Jumada al-Ula 1443H (corresponding to 1 January 2022G) for a term of one year, renewable upon mutual written agreement between both parties. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be resolved amicably within 15 days, if not resolved by amicable means, it shall be referred to the competent courts in Riyadh.

This is a Related Party agreement as the customer 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 Alfa Co. for Operations Services

The Company (as service provider) has entered into a manpower services agreement with Alfa Co. for Operations Services (as customer) for the purpose of providing manpower services. This is in consideration of SAR 561,492 and SAR 428,376 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement was concluded on 28 Safar 1437H (corresponding to 10 December 2015G) the two parties agreed that in the event that the customer wishes to renew the agreement with the same manpower, the employment of the manpower must be terminated for the entire previous agreed upon period following the approval of the manpower and the workers should be allowed to enjoy the leave if they wish and provide the service provider with the leave plan. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be resolved amicably through the specialised department found in the Company, if not resolved by amicable means, it shall be referred to the competent courts in Riyadh.

This agreement is with a Related Party due to the interest of Board Member Majed Abdullah Ibrahim Alkuraydis as he is the General Counsel of Al-Faisaliah Holding Group Company, which indirectly owns Alpha Operations Services Company by 100 per cent. Based on the authorisation issued by the General Assembly on 5 Jumada al-Ula 1445H (corresponding 28 November 2023G), the Company's Board of Directors approved this agreement in the meeting dated 1 Jumada al-Akhirah 1445H (corresponding 14 December 2023G).

12.9.14 Manpower Services Agreement between the Company and Modern Electronics Company (Sony)

The Company (as service provider) has entered into a manpower services agreement with Modern Electronics Company (Sony) (as customer) for the purpose of providing manpower services. This is in consideration of SAR 359,284 and SAR 269,743 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement was concluded on 10 Rabi' al-Awwal 1439H (corresponding to 28 January 2017G) renewable upon a written notice given by the customer to the service provider. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be resolved amicably within 15 days, if not resolved by amicable means, it shall be referred to the competent courts in Riyadh.

This agreement is with a Related Party due to the interest of Board Member Majed Abdullah Ibrahim Alkuraydis as he is the General Counsel of Al-Faisaliah Holding Group Company, which indirectly owns 100 per cent. of the Modern Electronic Company (Sony). Based on the authorisation issued by the General Assembly on 5 Jumada al-Ula 1445H (corresponding 28 November 2023G), the Company's Board of Directors approved this agreement in the meeting dated 1 Jumada al-Akhirah 1445H (corresponding 14 December 2023G).

12.9.15 Manpower Services Agreement between the Company and Al Safi Danone Limited Company

The Company (as service provider) has entered into a manpower services agreement with Al Safi Danone Limited Company (as customer) for the purpose of providing manpower services. This is in consideration of SAR 0 and SAR 3,207,421 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. The agreement was concluded on 27 Rajab 1444H (corresponding to 20 March 2023G) renewable upon a written notice given by the customer to the service provider. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be resolved amicably through the specialised department found in the Company, if not resolved by amicable means, it shall be referred to the competent courts in Riyadh.

This agreement is with a Related Party due to the interest of Board Member Majed Abdullah Ibrahim Alkuraydis as he is the General Counsel of Al-Faisaliah Holding Group Company, which indirectly owns 80 per cent. of the shares of Al Safi Danone Limited Company. Based on the authorisation issued by the General Assembly on 5 Jumada al-Ula 1445H (corresponding 28 November 2023G), the Company's Board of Directors approved this agreement in the meeting dated 1 Jumada al-Akhirah 1445H (corresponding 14 December 2023G).

12.9.16 Service Agreement between Saudi Facilities Management Company (Saudi Marafiq) and Terhab Costumer Experience Company Limited

Saudi Facilities Management Company (Saudi Marafiq) (as service provider) has entered into a service agreement with Terhab Customer Experience Company Limited (as customer) for the purpose of facilities management, cleaning, maintenance and security guarding. This is in consideration of SAR 229,457 and SAR 241,592 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. This agreement is valid for the period specified in the purchase order starting from 17 Jumada al-Ula 1443H (corresponding to 21 December 2021G). The agreement is automatically renewable, unless a party notifies the other of its intention of non-renewal 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 resolved amicably within 30 days, if not resolved by amicable means, it shall be referred to the competent courts in Riyadh.

This is a Related Party agreement as the customer 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.

12.9.17 Service Agreement between Saudi Logistic Services Company Limited and Modern Electronics Company (Sony)

Saudi Logistic Services Company Limited (Saudi Marafiq) (as service provider) has entered into a service agreement with Modern Electronics Company (Sony) (as customer) for the purpose of providing drivers and vehicles to deliver the customer's shipments. This is in consideration of SAR 0 and SAR 555,220 for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G. This agreement is valid from 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G). The agreement is automatically renewable, unless a party notifies the other of its intention of non-renewal 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 resolved amicably, if not resolved by amicable means, it shall be referred to the competent courts in the Kingdom.

This agreement is with a Related Party due to the interest of Board Member Majed Abdullah Ibrahim Alkuraydis as he is the General Counsel of Al-Faisaliah Holding Group Company, which indirectly owns 100 per cent. of the shares of Modern Electronics Company (Sony). Based on the authorisation issued by the General Assembly on 5 Jumada al-Ula 1445H (corresponding 28 November 2023G), the Company's Board of Directors approved this agreement in the meeting dated 1 Jumada al-Akhirah 1445H (corresponding 14 December 2023G).

12.10 Intellectual Property

12.10.1 Trademarks

The Company and its Subsidiaries have registered a number of trademarks on which it relies as a brand for its businesses. The Company and its Subsidiaries 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. It should be noted that the Group has registered all the trademarks it uses in its business, except for the "**Jahez**" trademark (for further details on risks related to the trademarks, see Section 2.1.39 *(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 12.10: Details of Registered Trademarks

Owner	Country of Registration	Trademark Registration Certificate Number	Status/Expiration Date	Class	Logo
The Company	The Kingdom	1441016454	Registered on 12 Ramadan 1441H (corresponding to 5 May 2020G) valid until 6 Jumada al-Akhirah 1451H (corresponding to 15 October 2029G)	35	سماسكو SMASCO الشركة السعودية لحلول القوى البشرية Saudi Manpower Solutions Company
The Company	The Kingdom	1441017580	Registered on 12 Ramadan 1441H (corresponding to 5 May 2020G) valid until 14 Jumada al-Akhirah 1451H (corresponding to 23 October 2029G)	45	راحة raha
The Company	The Kingdom	143406068	Registered on 28 Shawwal 1434H (corresponding to 4 September 2013G) valid until 5 Jumada al-Ula 1454H (corresponding to 12 August 2032G)	35	توسط TawassoT
The Company	The Kingdom	1444004279	Registered on 22 Muharram 1444H (corresponding to 17 November 2022G) valid until 26 Muharram 1454H (corresponding to 7 May 2032G)	35	روّاد ROWAD
The Company	The Kingdom	143406057	Registered on 28 Shawwal 1434H (corresponding to 4 September 2013G) valid until 5 Jumada al-Ula 1454H (corresponding to 12 August 2032G)	35	مساندة Musandeh
The Company	The Kingdom	143409917	Registered on 6 Jumada al-Akhirah 1435H (corresponding to 7 April 2014G) valid until 28 Rajab 1454H (corresponding to 2 November 2032G)	35	موسمية Mawsemiah
The Company	The Kingdom	143407569	Registered on 6 Jumada al-Akhirah 1435H (corresponding to 7 April 2014G) valid until 4 Jumada al-Akhirah 1451H (corresponding to 10 September 2032G)	35	تطويرية TATWEERIAH
The Company	The Kingdom	143407568	Registered on 28 Shawwal 1434H (corresponding to 4 September 2013G) valid until 4 Jumada al-Akhirah 1454H (corresponding to 10 September 2032G)	41	متكاملة Mutakamelah
The Company	The Kingdom	143407568	Registered on 10 Safar 1436H (corresponding to 3 December 2014G) valid until 9 Safar 1446H (corresponding to 15 August 2024G)	45	مناسبات munasabat
The Company	The Kingdom	1441015884	Registered on 3 Sha'ban 1441H (corresponding to 28 March 2020G) valid until 29 Jumada al-Ula 1451H (corresponding to 8 October 2029G)	45	سماسكو راحتك Raha SMASCO

Owner	Country of Registration	Trademark Registration Certificate Number	Status/Expiration Date	Class	Logo
The Company	The Kingdom	1441016465	Registered on 12 Ramadan 1441H (corresponding to 5 May 2020G) valid until 3 Jumada al-Akhirah 1451H (corresponding to 13 October 2029G)	35	سماسكو راحتك Raha SMASCO
The Company	The Kingdom	143406061	Registered on 28 Shawwal 1434H (corresponding to 4 September 2013G) valid until 5 Jumada al-Ula 1454H (corresponding to 12 August 2032G)	35	شاملة Shamelah
The Company	The Kingdom	143407920	Registered on 7 Rabi' al-Awwal 1436H (corresponding to 29 December 2014G) valid until 10 Jumada al-Akhirah 1454H (corresponding to 16 September 2032G)	41	SMASCO
The Company	The Kingdom	1437007749	Registered on 4 Rabi' al-Thani 1437H (corresponding to 15 January 2016G) valid until 3 Rabi' al-Thani 1447H (corresponding to 26 September 2025G)	45	راحة Raha سماسكو
SLSC	The Kingdom	1441031728	Registered on 1 Rabi' al-Thani 1442H (corresponding to 16 November 2020G) valid until 18 Thul-Hijjah 1451H (corresponding to 23 March 2030G)	39	SLSC SAUDI LOGISTIC SERVICES COMPANY الشركة السعودية للخدمات اللوجستية
Terhab	The Kingdom	1442001420	Registered on 15 Jumada al-Ula (corresponding to 10 January 2020G) valid until 9 Muharram 1452H (corresponding to 12 May 2030G)	35	ترحاب Terhab شركة ترحاب لتجارب العملاء Terhab Customer Experience Co.

Source: The Company.

12.10.2 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 12.11: Details of Internet Domain Names

Internet Domain Name	Owner Company	Expiry Date
SMASCO.com	The Company	20 Jumada al-Akhirah 1447H (corresponding to 11 December 2025G)
SMASCO.com.sa	The Company	22 Rajab 1448 (corresponding to 31 December 2026G)
raha.sa	The Company	22 Rajab 1448 (corresponding to 31 December 2026G)
RAHAHOME.SA	The Company	7 Dhul Hijjah 1445 (corresponding to 13 June 2024G)
rahahome.com	The Company	15 Sha'ban 1445H (corresponding to 25 February 2024G)
rowadapp.com	The Company	19 Thul-Hijjah 1447H (corresponding to 5 June 2026G)
slsclogistic.com	SLSC	24 Thul-Hijjah 1445H (corresponding to 30 June 2024G)
terhab.sa	Terhab	25 Shaban 1448H (Corresponding to 2 December 2027G)

Source: The Company.

12.11 Litigation

As at the date of this Prospectus, the Company confirms that it is not a party to any pending or potential lawsuits, claims or existing investigative proceedings, which, individually or collectively, could have a material impact on the Company. The Company considers any suit or claim to be material if its value is equal to or exceeds an amount equivalent to three per cent. of the Company's revenues for the financial year ended 31 December 2022G, or if the Company otherwise considers it material by its nature.

The Company is a party to a number of existing lawsuits that were filed during the normal course of its business, the details of which are set out below:

12.11.1 Collection Cases

The Company confirmed that there are 314 pending litigation cases initiated by the Company against previous customers which are of a collective nature with a total disputed amount of SAR 4.2 million.

These claims filed by the Company are in the normal course of its business and are still valid and under process.

The following table shows a summary of existing or potential claims filed by the Company against its former clients as of the date of this Prospectus:

Table 12.12: Summary of Material Cases Initiated by the Company Against its Former Clients

Company	Summary	Estimated Value (SAR)
The Company	The Company (as plaintiff) has brought a claim against a former customer (as defendant) in the General Court in Riyadh, with case number 4471066359 in the year 1444H in respect of a claim of unpaid amounts by the defendant related to labour services provided by the Company under the labour services contract between the parties. The claim is still pending before the competent court.	520,521
The Company	The Company (as plaintiff) has brought a claim against a former customer (as defendant) in the General Court in Riyadh, with case number 4550562527 in the year 1445H in respect of a claim of unpaid amounts by the defendant related to labour services provided by the Company under the labour services contract between the parties. The claim is still pending before the competent court.	229,648
The Company	The Company (as plaintiff) has brought a claim against a former customer (as defendant) in Riyadh, with case number 431888999 in the year 1443H in respect of a claim of unpaid amounts by the defendant related to labour services provided by the Company under the labour services contract between the parties. The claim is still pending before the competent court.	354,311
The Company	The Company (as plaintiff) has brought a claim against a former customer (as defendant) in the Enforcement Court in Riyadh, with case number 401014200654624 in the year 1442H in respect of a claim of unpaid amounts by the defendant related to a promissory note issued by the Company to guarantee the amount of labour services provided by the Company under the labour services contract between the parties. The claim is currently under consideration by the competent court.	286,531
The Company	The Company (as plaintiff) has brought a claim against a former customer (as defendant) in the Enforcement Court in Riyadh, with case number 401014401333315 and 401014401333303 in the year 1444H in respect of a claim of unpaid amounts by the defendant related to two promissory notes issued by the Company to guarantee the amount of labour services provided by the Company under the labour services contract between the parties. The claim is currently under consideration by the competent court.	871,761
The Company	The Company (as plaintiff) has brought a claim against a former customer (as defendant) in the General Court in Riyadh, with case number 4570295912 in the year 1445H in respect of a claim of unpaid amounts by the defendant related to labour services provided by the Company under the labour services contract between the parties. The claim is still pending before the competent court.	408,590
The Company	The Company (as plaintiff) has brought a claim against a former customer (as defendant) in the General Court in Riyadh, with case number 4550417290 in the year 1444H in respect of a claim of unpaid amounts by the defendant related to labour services provided by the Company under the labour services contract between the parties. The claim is still pending before the competent court.	891,246

Source: The Company.

12.11.2 Labour Cases Initiated Against the Company

The Company confirmed that there are a total of 35 labour cases filed against the Company by its previous employees. The total estimated amount claimed against the Company is SAR 200,000. These labour cases are ongoing and under consideration by the competent courts.

12.11.3 Cases Initiated Against the Company

The following table shows a summary of the existing or potential claims initiated against the Company as of the date of this Prospectus:

Table 12.13: Summary of Existing or Potential Claims Initiated Against the Company

Company	Summary	Estimated Value (SAR)
The Company	The plaintiff has brought a claim against the Company (as defendant) in the General Court in Riyadh, with case number 4471123593 in the year 1444H in respect of a claim of unpaid amounts by the Company related to returning a part of the financial guarantee amount related to labour services provided by the Company under the labour services contract between the parties. The claim is still pending before the competent court.	17,178
The Company	The plaintiff has brought a claim against the Company (as defendant) in the General Court in Riyadh, numbered 4470023058 in the year 1444H in respect of a claim of unpaid amounts by the Company related to health care services provided by the hospital to an employee of the Company. The claim is still pending before the competent court.	361,135
The Company	The plaintiff has brought a claim against the Company (as defendant) in the General Court in Riyadh, numbered 4471133184 in the year 1444H in respect of a claim of unpaid amounts by the Company related to one of the employees of the Company that provided services to the plaintiff transmitted a disease to the family members of the plaintiff. The claim is still pending before the competent court.	500,000
The Company	The plaintiff has brought a claim against the Company (as defendant) in the General Court in Riyadh, numbered 4470556278 in the year 1444H respect of a claim of unpaid amounts by the Company related to the lawyer's fees for a previous case regarding a building previously rented by the Company. The claim is still pending before the competent court.	250,000

Source: The Company.

12.12 Bylaws

12.12.1 Establishment of the Company

In accordance with the provisions of the Companies Law issued by Royal Decree No. M/132 dated 1 Thul-Hijjah 1443H and its implementing regulations, it was converted into a Saudi joint stock company.

12.12.2 Name of the Company

The name of the Company is "**Saudi Manpower Solutions Company**", a joint stock company.

12.12.3 Objects of the Company

The Company's objects are employment agency activities and temporary employment agency activities.

12.12.4 Participation

The Company may solely establish companies, 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 regulations and instructions in this regard. The Company may also dispose of such interest or shares, provided that it does not include any brokerage.

12.12.5 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.

12.12.6 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. 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.

12.12.7 Company's Share Capital

The Company's Share capital shall be four hundred million Saudi Arabian Riyals (SAR 400,000,000), divided into four hundred million (400,000,000) Shares, with an equal nominal value of one Saudi Arabian Riyals (SAR 1) each, all of which are ordinary Shares. The cash amounts paid from the issued capital have been deposited in one of the licenced banks.

12.12.8 Capital Subscription

The Shareholders have subscribed to all of the Company's Shares, amounting to four hundred million (400,000,000) Shares fully paid.

12.12.9 Preferred Shares

The Extraordinary General Assembly of the Company, in accordance with 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 higher percentage of the net profits, after setting aside the statutory reserve.

12.12.10 Sale of Non-Paid-up Shares

- A shareholder shall pay the remaining amount of the value of the share on the designated dates. In case of non-payment, the Board of Directors may, -after notifying the Shareholder by a registered mail or through any means of technology-, sell the share at a public auction or in the capital market, as the case may be. The Company's articles of association may grant other Shareholders a pre-emptive right to purchase the Shares of the non-paying Shareholder.
- The Company shall receive the amounts due thereto from the sale proceeds and shall return any remaining amount to the Shareholder. If the sale proceeds are not sufficient to satisfy the due amounts, the Company may satisfy such amounts from the Shareholder's property.
- Rights associated with Shares the value of which is not paid by the due date shall be suspended until such Shares are sold or the due amount is paid in accordance with the provision of paragraph (1) of this Article; such rights include the right to receive dividends and attend shareholder assemblies and vote on their decisions. However, the non-paying Shareholder may, up to the date of sale, pay the due amount, in addition to any related expenses incurred by the Company; in such case, he shall have the right to demand payment of dividends.
- The Company shall cancel the certificate of the share sold in accordance with the provisions of this Article and shall provide the buyer with a new certificate bearing the serial number of the cancelled certificate. The sale shall be recorded in the Shareholders register along with the particulars of the new holder. 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.

12.12.11 Trading of Shares

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.

12.12.12 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 This transfer shall be marked in the register. 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. The Company issues share certificates, which have sequential numbers and are signed by the Chairman of the Board of Directors or a delegated member of the Board and are stamped with the Company's seal. Specifically, the share includes the number and date of the ministerial decision issued for the Company's licensing, the number and date of the ministerial decision announcing the Company's establishment, the value of the capital, the number of Shares it is divided into, the nominal value of the share, the amounts paid for it, a brief description of the Company's purpose, its main headquarters, its duration, and the Shares must have coupons with sequential numbers and include the number of the attached share.

12.12.13 Company's Purchase, Sale and Pledge of its Shares

The Company may purchase its own Shares to use it as treasury Shares by a resolution from the Extraordinary General Assembly, setting a maximum limit for the number of Shares to be purchased and their purposes, in accordance with the regulations set by the legislative authorities in this regard. The Shares purchased by the Company shall not have voting rights in the Shareholders' assemblies. The Company may sell the treasury Shares in one stage or several stages Company's Shares may be pledged and the pledgee may receive dividends and exercise share-related rights, unless the pledge agreement stipulates otherwise. The pledgee may not attend Shareholder assembly meetings nor vote therein. The Company may by its Shares and allocate such Shares thereof to the employees of the Company or any of its Subsidiaries in accordance with its employee incentive programme according to the regulations and conditions issued in this regard.

12.12.14 Increase of Share Capital

The Extraordinary General Assembly may decide to increase the Company's capital, provided that the authorised capital has been paid-up in full, unless the unpaid amount of the authorised 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.

The Extraordinary General Assembly shall allocate in all cases 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 practice their pre-emptive rights when the Company issues Shares to its employees.

The Shareholders have, at the time of the issuance of the Extraordinary General Assembly's resolution approving the increase of the Company's capital or the issuance of the Board of Directors' decision approving the increase of issued capital within the limit of the authorised capital shall have a pre-emptive right to subscribe to new Shares issued against cash contributions. A Shareholder shall be notified of such right, if any, by registered mail sent to the address stated in the Shareholders' register or by any means of technology. The Shareholder shall also be notified of the capital increase decision, the conditions and method of subscription and the dates on which said subscription begins and ends, subject to the type and class of Shares owned by him.

The Extraordinary General Assembly may suspend the pre-emptive rights of the Shareholders to subscribe to Shares in a capital increase in exchange for cash contribution or give priority to non-Shareholders when it deems that it is in the best interest of the Company.

The Shareholders retain the right to sell or assign their pre-emptive rights during the period following the resolution of the General Assembly to increase the capital and until the last day of subscription for the newly issued Shares, relative to their pre-emptive rights, in accordance with the regulations set out by the relevant authority.

Notwithstanding the point mentioned above, the newly issued Shares shall be allotted to the holders of pre-emptive rights who have expressed interest to subscribe 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.

12.12.15 Decrease of Share Capital

The Extraordinary General Assembly may decide to decrease the Company's capital if it exceeds the need of the Company or if the Company suffered losses. And in the latter case only, the capital may be decreased to below the limit set in Article 54 of the Companies Law. The decision to decrease the capital shall not be issued until a statement prepared by the Board of Directors stating the grounds for such decrease, the Company's liabilities and the effect of the decrease on satisfying such liabilities is presented at the general assembly. Said statement shall include the report of the Company's auditor and may be presented to Shareholders in cases where the general assembly decision is passed by circulation.

If the decision to decrease the capital is because it exceeds the Company's needs, the creditors shall be invited to submit their objections to the decrease, if any, at least 45 days prior to the date set for the Extraordinary General Assembly meeting to decide on the decrease. The invitation shall include a statement indicating the amount of capital prior to and after the decrease, the date of the meeting and the date the decrease becomes effective. If a creditor objects to the decrease and submits supporting documents to the Company within the specified period, the Company shall pay the debt owed to him if it is due or provide him with a sufficient guarantee if it is not due. The creditor who notified the Company of his objection, may if the Company failed pay his due debt or failed to provide sufficient guarantee if it is not due, petition the competent judicial authority prior to the date set for deciding on the decrease in the Extraordinary General Assembly meeting.

12.12.16 Management of the Company

The Company shall be managed by a Board of Directors consisting of nine (9) members to be natural persons and elected by the Ordinary General Assembly for a term not exceeding four years.

12.12.17 Membership Termination or Expiry

A Director's membership in the Board shall expire by the expiration of the Board's term or by expiration of the member's validity in accordance with any regulations or official instructions in force in the Kingdom, the general assembly may, upon the recommendation of the Board of Directors, terminate the membership of any member who fails to attend three consecutive meetings or five non-consecutive meetings during the course of his membership without an excuse acceptable to the board.

12.12.18 Powers of the Board

Without prejudice to the powers conferred on the General Assembly, the Board shall be vested with the widest powers to manage the Company, to accomplish its purposes and it has:

- Commercial Registrations: main: issue, renew and cancel, branch: issue, renew and cancel. buying establishment, signing all documents at the Chamber of Commerce, selling establishment, following up with the department of commercial registration, extracting records, transferring commercial registration, managing records, cancelling records, supervising records, opening subscriptions at the Chamber of Commerce, approving signature at the Chamber of Commerce, cancelling signature at the commercial chamber, entering tenders and receiving investments, transforming establishment's branch, following up with the GOSI, following up with the ZATCA, opening branches for records, managing the commercial registration, cancelling the commercial registration, following up with the civil defence, amending records, adding activity, reserving commercial name, , amending the commercial registration, transferring the commercial registration, granting replacement for damaged or lost records, granting replacement for damaged or lost records, registering trademark., assigning trademark, assigning commercial name, granting licences, buying boats, granting replacement for damaged or lost fishing licences, importing boats, cancelling boats licences, renewing licences, amending licences, adding activity, booking names, cancelling licences, renewing Chamber of Commerce's membership, opening branches, following up with the GOSI, following up with the civil defence, following up with the ZATCA, granting fishing licence, granting boat licence, renewing boat licence, transferring boat licence, selling the boat, renewing fishing licence, cancelling fishing licence, granting replacement for damaged or lost boat licence, opening branch for the licence, transferring the licence, incorporating a Company, signing on articles of association and amendment addendums, cancelling articles of association and amendment addendums, signing partners decisions, appointing and removing managers, amending objectives of the Company, liquidating the Company, converting the Company from joint stock Company to limited liability Company, converting the Company from limited liability Company to joint stock Company, converting the Company from general partnership to limited liability Company, increasing capital, decreasing capital, entry and exit of partners, entering pre-established companies, transferring equities, shares and bonds, determining capital, receiving allocation surplus, selling equities and shares and receiving value, assigning equities and shares from capital, selling Company branch, amending a partner's nationality in the contract, approving the assignment of equities shares and capital, buying equities and shares and paying cost, closing accounts with the Company's name in banks, opening accounts with the Company's name in banks, signing deals, registering the Company, registering agencies and trademarks, attending general assemblies, opening branches for the Company, opening files for the Company, signing articles of association and amendment addendums in the notary, granting commercial registrations and renewing it for the Company, subscribing to the Chamber of Commerce and renewing the subscription, following up with the ministry of investment and signing before it, following up with the quality management and the Saudi standards metrology and quality organisation, following up with the capital market authority, granting and renewing licences for the Company, converting the establishment to a Company, converting the Company's branch to establishment, converting the Company's branch to a Company, sharing the article of association, the amendment addendums and its abstracts and the bylaws in the official newspaper, following up with the telecommunication companies and the establishment of landlines or mobile phones in the name of the Company, entering tenders and receiving investments, signing the Company's contract with others, assigning trademarks or cancelling them, amending the Company's name, granting visas, converting the Company to establishment, receiving visas' compensations, updating workers' information, opening main and sub files, renewing and cancelling them, filtering workers and cancelling them, reporting workers' escapement, cancelling workers' escapement reports, transferring sponsorships, amending professions, transferring the ownership of establishments, liquidating them and cancelling them, following up with the private recruitment office, following up with the computer management in the manpower, granting work permits and renewing them, receiving Saudisation certifications, granting data statement (print), adding and removing Saudis, recruiting, recruiting, opening file, activating the Saudi gate, recruiting workers abroad, finalising workers procedures at the genera organisation for social insurance, cancelling visas, refunding visas amounts, amending nationalities, granting family visits visas, granting family recruiting visas, following up with the embassy, extending entry and re-entry visas, extending visitors visas, granting data statement (print), cancelling the visa, refunding visa fees, amending arrival destination, in relation to companies that the Company enters as a partner: signing companies' contracts, buying equities, liquidating the Company, selling equities, representing the Company before the Subsidiary. incorporating companies by the Company's name: registering it at the ministry, representing before the notary, signing on the Company's article of association, signing on the Shareholders' decisions. commercial registrations: issuing, renewing, cancelling them. granting iqamas, renewing iqamas, granting exit and re-entry, granting final exit, transferring sponsorships, granting replacement for damaged or lost iqamas, finalising deceased labour procedures, reporting absence, cancelling absence report, transferring information and updating data, settling and assigning labour, following up with the general department of expatriate, granting labour data statement (print), dropping labour, managing A'maly, transferring labour's sponsorship to the labour, adding a newborn, finalising deceased labour procedures, department of borders affaires, granting replay scenes, adding dependents, adding children to parents' passports, separating children from parents' passports, cancelling exit and re-entry visas, cancelling final exit visas, granting lost or damaged travelling visas replacement, granting visitor visas extension, amending professions, granting hajj permits, following up with house maids centre, registering in the electronic service, Banks: opening accounts, opening credits, depositing, withdrawing, granting cheque books, updating accounts, granting accounts statements, requesting facilities, requesting guarantees, signing loans contracts, signing negotiable instruments, signing promissory notes, applying for any application or service from the applications or the services under communications space and technology commission's scope, the right to delegate for anyone - as per the applicable relevant laws - to apply for any application or service from the applications or the services under communications space and technology commission's scope. Following up with the ministry of environment, water and agriculture regarding, following up with the notary or the court to approve its title registration, assigning agricultural report, transferring agricultural report, receiving salaries, receiving retirement salaries, receiving indemnity and vacations compensation, transferring the salary, receiving the compensation, granting salary certificate, receiving my dues, opening Shari'ah compliant accounts, opening and settling accounts, withdrawing from accounts, granting ATM cards, granting Shari'ah compliant credit cards, receiving and spending transfers, cashing cheques, granting certified cheques, granting cheque books, transferring from accounts, applying for Shari'ah compliant bank loans, opening Shari'ah compliant account, depositing in the accounts, resubscribing in safe deposit boxes, opening deposit boxes, subscribing in safe deposit boxes, applying for a loans waiver, reject cheques, updating data, activating accounts, receiving cheques, recovering safe deposit boxes, following up, rescheduling instalments, requesting points of sales, requesting bank credit, requesting bank guarantee, subscribing in joint stock companies, receiving subscription certificates, buying Shari'ah compliant shares, selling Shari'ah compliant shares, receiving shares value, receiving dividends, receiving surplus, opening Shari'ah compliant investment portfolios editing and amending and cancelling orders, underwriting, buying stocks, selling stocks, recovering investment funds units, transferring shares from the portfolio, subscribing in Shari'ah compliant investment funds units, managing investment portfolios, granting obligation letter, liquidating portfolios, managing property: buying, selling and title registration of property, pledging property. Opening a shop, granting health certifications, dividing agricultural lands into residential, following up with the general administration for urban planning, opening shops, granting licences, renewing licences, cancelling licences, transferring licences, granting building and restoration permits, planning lands, granting a building completion certificate, granting fencing licences, granting a demolition permit, amending articles of association that the Company enters into as a partner: approving partners decisions, liquidating the Company, converting the Company into a joint stock Company. Signing lease agreement, assigning the contract, planning owned property, following up with a municipality, dividing agricultural lands into residential, supervising the construction, signing contract with construction establishments and contractors, entering into tenders and receiving investments, Judiciary: appointing arbitrators, appointing lawyers, representing before notaries, representing before courts, using and executing all Ministry of Justice electronic services, delegating/authorising others on executing ministry of justice electronic services, signing loan contract agreement and its addendums and all related documents, signing following agreements, signing advisory agreements, signing before the notary in relation to the industrial mortgage regarding pledging on the Company's properties, receiving loans, assigning a loan, requesting a loan waiver, paying the loan, signing documentary credit agreement, signing guarantee of legal capacity, signing transfer of liabilities and loan contract amendment agreement, signing on behalf of the Company and the partners on debt arrangement agreement, issuing, amending and cancelling waivers. Selling and registering the title to the buyer, buying, accepting the title registration and pay it, receiving title deeds, leasing, receiving the rent, signing rent agreements, renewing rent agreements, terminating lease agreements, pledging, mortgage redemption, segmenting and sorting, amending borders, lengths, areas, parts numbers, schemes numbers, title deeds and their numbers and districts' names, selling, accepting mortgage, updating title deeds and uploading it into the comprehensive system, selling share from, buying, buying share from, renting, amending the owner's name and the ID number, giveaway and title registration, accepting giveaway and title registration, waiving the lack of space, merging title deeds, accepting waiving and title registration, granting lost replacement for a group of title deeds, granting damaged replacement for a group of title deeds, selling and title registration for heirs, waiving the share of, building proof, granting a damaged replacement title deed, that is for real estates located in, dividing agricultural lands into residential or industrial, entering into estate contributions, buying estate contributions shares, selling estate contributions shares, waiving a leased land, updating title deeds and uploading it into the comprehensive system, granting a lost replacement title deed, dividing agricultural lands into residential, building lands, leasing the land, changing the Company's legal entity, converting the Company from a limited partnership company into a limited liability company, dividing shares between heirs and transferring it to their portfolios.

The Board of Directors must obtain the approval of the general assembly for the sale of Company assets the value of which exceeds 50 per cent. of the value of its total assets, whether the sale is made through one transaction, or more. In such case, the transaction which leads to the sale of more than 50 per cent. of the value of assets shall require the general assembly's approval. Said percentage shall be calculated from the date the first transaction is concluded within the previous 12 months.

The Board of Directors may also, within its powers, delegate one or more of its members or others to carry out certain acts.

12.12.19 Remuneration of the Directors

The Board of Directors' remuneration shall consist of a percentage of the net fixed amount, in-kind benefits, an allowance for attending meetings, a fixed amount or what the Ordinary General Assembly decides.

The Board of Directors' report to the Ordinary General Assembly must include a comprehensive statement of all the amounts received by Directors during the financial year as remuneration, expenses and other benefits, as well as of all the amounts received by the Directors in their capacity as officers or executives of the, or in consideration of technical, administrative or advisory services. It must also include the number of sessions of the Board and the number of meetings each Director attended.

12.12.20 The Authorities of the Chairman, Deputy Chairman and Secretary

The Board of Director shall appoint from among its members in its first meeting a Chairman and it may appoint from among of its members a Managing Director or a Deputy Chairman.

The Board of Directors appoints a Chief Executive Officer from among its members or others.

The Chairman shall have the following authorities:

- Commercial Registrations: main: issue, renew and cancel, branch: issue, renew and cancel. buying establishment, signing all documents at the Chamber of Commerce, selling establishment, following up with the department of commercial registration, extracting records, transferring commercial registration, managing records, cancelling records, supervising records, opening subscriptions at the Chamber of Commerce, approving signature at the Chamber of Commerce, cancelling signature at the Chamber of Commerce, entering tenders and receiving investments, transforming establishment's branch, following up with the GOSI, following up with the ZATCA, opening branches for records, managing the commercial registration, cancelling the commercial registration, following up with the civil defence, amending records, adding activity, reserving commercial name, renewing the Chamber of Commerce's membership, amending the commercial registration, transferring the commercial registration, granting replacement for damaged or lost records, granting replacement for damaged or lost records, registering trademark., assigning trademark, assigning commercial name, granting licences, buying boats, granting replacement for damaged or lost fishing licences, importing boats, cancelling boats licences, renewing licences, amending licences, adding activity, booking names, cancelling licences, , opening branches, following up with the GOSI, following up with the civil defence, following up with the ZATCA, granting fishing licence, granting boat licence, renewing boat licence, transferring boat licence, selling the boat, renewing fishing licence, cancelling fishing licence, granting replacement for damaged or lost boat licence, opening branch for the licence, transferring the licence, incorporating a Company, signing on articles of association and amendment addendums, cancelling articles of association and amendment addendums, signing partners decisions, appointing and removing managers, amending objectives of the Company, liquidating the Company, converting the Company from joint stock company to limited liability company, converting the Company from limited liability company to joint stock company, converting the Company from general partnership to limited liability company, increasing capital, decreasing capital, entry and exit of partners, entering pre-established companies, transferring equities, shares and bonds, determining capital, receiving allocation surplus, selling equities and shares and receiving value, assigning equities and shares from capital, selling Company branch, amending a partner's nationality in the contract, approving the assignment of equities shares and capital, buying equities and shares and paying cost, closing accounts with the Company's name in banks, opening accounts with the Company's name in banks, signing deals, registering the Company, registering agencies and trademarks, attending general assemblies, opening branches for the Company, opening files for the Company, signing articles of association and amendment addendums in the notary, granting commercial registrations and renewing it for the Company, subscribing to the Chamber of Commerce and renewing the subscription, following up with the ministry of investment and signing before it, following up with the quality management and the Saudi standards metrology and quality organisation, following up with the capital market authority, granting and renewing licences for the Company, converting the establishment to a Company, converting the Company's branch to establishment, converting the Company's branch to a Company, sharing the article of association, the amendment addendums and its abstracts and the bylaws in the official newspaper, following up with the telecommunication companies and the establishment of landlines or mobile phones in the name of the Company, entering tenders and receiving investments, signing the Company's contract with others, assigning trademarks or cancelling them, amending the Company's name, granting visas, converting the Company to establishment, receiving visas' compensations, updating workers' information, opening main and sub files, renewing and cancelling them, filtering workers and cancelling them, reporting workers' escapement, cancelling workers' escapement reports, transferring sponsorships, amending professions, transferring the ownership of establishments, liquidating them and cancelling them, following up with the private recruitment office, following up with the computer management in the manpower, granting work permits and renewing them, receiving Saudisation certifications, granting data statement (print), adding and removing Saudis, recruiting, recruiting, opening file, activating the Saudi gate, recruiting workers abroad, finalising workers procedures at the GOSI, cancelling visas, refunding visas amounts, amending nationalities, granting family visits visas, granting family recruiting visas, following up with the embassy, extending entry and re-entry visas, extending visitors visas, granting data statement (print), cancelling the visa, refunding visa fees, amending arrival destination, in relation to companies that the Company enters as a partner: signing companies' contracts, buying equities, liquidating the Company, selling equities, representing the Company before the Subsidiary. incorporating companies by the Company's name: registering it at the ministry, representing before the notary, signing on the Company's articles of association, signing on the Shareholders' decisions. commercial registrations: issuing, renewing, cancelling them. granting iqamas, renewing iqamas, granting exit and re-entry, granting final exit, transferring sponsorships, granting replacement for damaged or lost iqamas, finalising deceased labour procedures, reporting absence, cancelling absence report, transferring information and updating data, settling and assigning labour, following up with the general department of expatriate, granting labour data statement (print), dropping labour, managing A'maly, transferring labour's sponsorship to the labour, adding a newborn, finalising deceased labour procedures, department of borders affaires, granting replay scenes, adding dependents, adding children to parents' passports, separating children from parents' passports, cancelling exit and re-entry visas, cancelling final exit visas, granting lost or damaged travelling visas replacement, granting visitor visas extension, amending professions, granting hajj permits, following up with house maids centre, registering in the electronic service, Banks: opening accounts, opening credits, depositing, withdrawing, granting cheque books, updating accounts, granting accounts statements, requesting facilities, requesting guarantees, signing loans contracts, signing negotiable instruments, signing promissory notes, applying for any application or service from the applications or the services under communications space and technology commission's scope, the right to delegate for anyone - as per the applicable relevant laws - to apply for any application or service from the applications or the services under communications space and technology commission's scope. Following up with the ministry of environment, water and agriculture regarding, following up with the notary or the court to approve its title registration, assigning agricultural report, transferring agricultural report, receiving salaries, receiving retirement salaries, receiving indemnity and vacations compensation, transferring the salary, receiving the compensation, granting salary certificate, receiving my dues, opening Shari'ah compliant accounts, opening and settling accounts, withdrawing from accounts, granting ATM cards, granting Shari'ah compliant credit cards, receiving and spending transfers, cashing cheques, granting certified cheques, granting cheque books, transferring from accounts, applying for Shari'ah compliant bank loans, opening Shari'ah compliant account, depositing in the accounts, resubscribing in safe deposit boxes, opening deposit boxes, subscribing in safe deposit boxes, applying for a loans waiver, reject cheques, updating data, activating accounts, receiving cheques, recovering safe deposit boxes, following up, rescheduling instalments, requesting points of sales, requesting bank credit, requesting bank guarantees, subscribing in joint stock companies, receiving subscription certificates, buying Shari'ah compliant shares, selling Shari'ah compliant shares, receiving shares value, receiving dividends, receiving surplus, opening Shari'ah compliant investment portfolios editing and amending and cancelling orders, underwriting, buying stocks, selling stocks, recovering investment funds units, transferring shares from the portfolio, subscribing in Shari'ah compliant investment funds units, managing investment portfolios, granting obligation letter, liquidating portfolios, managing property: buying, selling and title registration of property, pledging property, opening a shop, granting health certifications, dividing agricultural lands into residential, following up with the general administration for urban planning, opening shops, granting licences, renewing licences, cancelling licences, transferring licences, granting building and restoration permits, planning lands, granting a building completion certificate, granting fencing licences, granting a demolition permit, amending articles of association that the Company enters into as a partner: approving partners decisions, liquidating the Company, converting the Company into a joint stock company, signing lease agreements, assigning the contract, planning owned property, following up with a municipality, dividing agricultural lands into residential, supervising the construction, signing contract with construction establishments and contractors, entering into tenders and receiving investments, Judiciary: appointing arbitrators, appointing lawyers, representing before notaries, representing before courts, using and executing all ministry of justice electronic services, delegating/authorising others on executing ministry of justice electronic services, signing loan contract agreement and its addendums and all related documents, signing following agreements, signing advisory agreements, signing before the notary in relation to the industrial mortgage regarding pledging on the Company's properties, receiving loans, assigning a loan, requesting a loan waiver, paying the loan, signing documentary credit agreement, signing guarantee of legal capacity, signing transfer of liabilities and loan contract amendment agreement, signing on behalf of the Company and the partners on debt arrangement agreement, issuing, amending and cancelling waivers. Selling and registering the title to the buyer, buying, accepting the title registration and pay it, receiving title deeds, leasing, receiving the rent, signing rent agreements, renewing rent agreements, terminating lease agreements, pledging, mortgage redemption, segmenting and sorting, amending borders, lengths, areas, parts numbers, schemes numbers, title deeds and their numbers and districts' names, selling, accepting mortgage, updating title deeds and uploading it into the comprehensive system, selling share from, buying, buying share from, renting, amending the owner's name and the ID number, giveaway and title registration, accepting giveaway and title registration, waiving the lack of space, merging title deeds, accepting waiving and title registration, granting lost replacement for a group of title deeds, granting damaged replacement for a group of title deeds, selling and title registration for heirs, waiving the share of, building proof, granting a damaged replacement title deed, that is for real estates located in, dividing agricultural lands into residential or industrial, entering into estate contributions, buying estate contributions shares, selling estate contributions shares, waiving a leased land, updating title deeds and uploading it into the comprehensive system, granting a lost replacement title deed, dividing agricultural lands into residential, building lands, leasing the land, changing the Company's legal entity, converting the Company from a limited partnership company into a limited liability company, dividing shares between heirs and transferring it to their portfolios.

The Deputy Chairman shall have the following authorities:

- Commercial Registrations: main: issue, renew and cancel, branch: issue, renew and cancel. buying establishment, signing all documents at the Chamber of Commerce, selling establishment, following up with the department of commercial registration, extracting records, transferring commercial registration, managing records, cancelling records, supervising records, opening subscriptions at the Chamber of Commerce, approving signature at the commercial Chamber of Commerce, cancelling signature at the Chamber of Commerce, entering tenders and receiving investments, transforming establishment's branch, following up with the GOSI, following up with the ZATCA, opening branches for records, managing the commercial registration, cancelling the commercial registration, following up with the civil defence, amending records, adding activity, reserving commercial name, renewing the Chamber of Commerce's membership, amending the commercial registration, transferring the commercial registration, granting replacement for damaged or lost records, granting replacement for damaged or lost records, registering trademark., assigning trademark, assigning commercial name, granting licences, buying boats, granting replacement for damaged or lost fishing licences, importing boats, cancelling boats licences, renewing licences, amending licences, adding activity, booking names, cancelling licences, opening branches, following up with the GOSI, following up with the civil defence, following up with the ZATCA, granting fishing licence, granting boat licence, renewing boat licence, transferring boat licence, selling the boat, renewing fishing licence, cancelling fishing licence, granting replacement for damaged or lost boat licence, opening branch for the licence, transferring the licence, incorporating a Company, signing on articles of association and amendment addendums, cancelling articles of association and amendment addendums, signing partners decisions, appointing and removing managers, amending objectives of the Company, liquidating the Company, converting the Company from joint stock company to limited liability company, converting the Company from limited liability company to joint stock company, converting the Company from general partnership to limited liability company, increasing capital, decreasing capital, entry and exit of partners, entering pre-established companies, transferring equities, shares and bonds, determining capital, receiving allocation surplus, selling equities and shares and receiving value, assigning equities and shares from capital, selling Company branch, amending a partner's nationality in the contract, approving the assignment of equities shares and capital, buying equities and shares and paying cost, closing accounts with the Company's name in banks, opening accounts with the Company's name in banks, signing deals, registering the Company, registering agencies and trademarks, attending general assemblies, opening branches for the Company, opening files for the Company, signing articles of association and amendment addendums in the notary, granting commercial registrations and renewing it for the Company, subscribing to the Chamber of Commerce and renewing the subscription, following up with the ministry of investment and signing before it, following up with the quality management and the Saudi standards metrology and quality organisation, following up with the capital market authority, granting and renewing licences for the Company, converting the establishment to a Company, converting the Company's branch to establishment, converting the Company's branch to a Company, sharing the articles of association, the amendment addendums and its abstracts and the bylaws in the official newspaper, following up with the telecommunication companies and the establishment of landlines or mobile phones in the name of the Company, entering tenders and receiving investments, signing the Company's contract with others, assigning trademarks or cancelling them, amending the Company's name, granting visas, converting the Company to establishment, receiving visas' compensations, updating workers' information, opening main and sub files, renewing and cancelling them, filtering workers and cancelling them, reporting workers' escapement, cancelling workers' escapement reports, transferring sponsorships, amending professions, transferring the ownership of establishments, liquidating them and cancelling them, following up with the private recruitment office, following up with the computer management in the manpower, granting work permits and renewing them, receiving Saudisation certifications, granting data statement (print), adding and removing Saudis, recruiting, recruiting, opening file, activating the Saudi gate, recruiting workers abroad, finalising workers procedures at the GOSI, cancelling visas, refunding visas amounts, amending nationalities, granting family visits visas, granting family recruiting visas, following up with the embassy, extending entry and re-entry visas, extending visitors visas, granting data statement (print), cancelling the visa, refunding visa fees, amending arrival destination, in relation to companies that the Company enters as a partner: signing companies' contracts, buying equities, liquidating the Company, selling equities, representing the Company before the Subsidiary. incorporating companies by the Company's name: registering it at the ministry, representing before the notary, signing on the Company's articles of association, signing on the Shareholders' decisions. commercial registrations: issuing, renewing, cancelling them. granting iqamas, renewing iqamas, granting exit and re-entry, granting final exit, transferring sponsorships, granting replacement for damaged or lost iqamas, finalising deceased labour procedures, reporting absence, cancelling absence report, transferring information and updating data, settling and assigning labour, following up with the general department of expatriate, granting labour data statement (print), dropping labour, managing A'maly, transferring labour's sponsorship to the labour, adding a newborn, finalising deceased labour procedures, department of borders affaires, granting replay scenes, adding dependents, adding children to parents' passports, separating children from parents' passports, cancelling exit and re-entry visas, cancelling final exit visas, granting lost or damaged travelling visas replacement, granting visitor visas extension, amending professions, granting hajj permits, following up with house maids centre, registering in the electronic service, Banks: opening accounts, opening credits, depositing, withdrawing, granting cheque books, updating accounts, granting accounts statements, requesting facilities, requesting guarantees, signing loans contracts, signing negotiable instruments, signing promissory notes, applying for any application or service from the applications or the services under communications space and technology commission's scope, the right to delegate for anyone -as per the applicable relevant laws- to apply for any application or service from the applications or the services under communications space and technology commission's scope. Following up with the ministry of environment, water and agriculture regarding, following up with the notary or the court to approve its title registration, assigning agricultural report, transferring agricultural report, receiving salaries, receiving retirement salaries, receiving indemnity and vacations compensation, transferring the salary, receiving the compensation, granting salary certificate, receiving my dues, opening Shari'ah compliant accounts, opening and settling accounts, withdrawing from accounts, granting ATM cards, granting Shari'ah compliant credit cards, receiving and spending transfers, cashing cheques, granting certified cheques, granting cheque books, transferring from accounts, applying for Shari'ah compliant bank loans, opening Shari'ah compliant account, depositing in the accounts, resubscribing in safe deposit boxes, opening deposit boxes, subscribing in safe deposit boxes, applying for a loans waiver, reject cheques, updating data, activating accounts, receiving cheques, recovering safe deposit boxes, following up, rescheduling instalments, requesting points of sales, requesting bank credit, requesting bank guarantee, subscribing in joint stock companies, receiving subscription certificates, buying Shari'ah compliant shares, selling Shari'ah compliant shares, receiving shares value, receiving dividends, receiving surplus, opening Shari'ah compliant investment portfolios editing and amending and cancelling orders, underwriting, buying stocks, selling stocks, recovering investment funds units, transferring shares from the portfolio, subscribing in Shari'ah compliant investment funds units, managing investment portfolios, granting obligation letter, liquidating portfolios, managing property: buying, selling and title registration of property, pledging property, opening a shop, granting health certifications, dividing agricultural lands into residential, following up with the general administration for urban planning, opening shops, granting licences, renewing licences, cancelling licences, transferring licences, granting building and restoration permits, planning lands, granting a building completion certificate, granting fencing licences, granting a demolition permit, amending articles of association that the Company enters into as a partner: approving partners decisions, liquidating the Company, converting the Company into a joint stock company, signing lease agreements, assigning contracts, planning owned property, following up with a municipality, dividing agricultural lands into residential, supervising the construction, signing contract with construction establishments and contractors, entering into tenders and receiving investments, Judiciary: appointing arbitrators, appointing lawyers, representing before notaries, representing before courts, using and executing all ministry of justice electronic services, delegating/authorising others on executing ministry of justice electronic services, signing loan contract agreement and its addendums and all related documents, signing following agreements, signing advisory agreements, signing before the notary in relation to the industrial mortgage regarding pledging on the Company's properties, receiving loans, assigning a loan, requesting a loan waiver, paying the loan, signing documentary credit agreement, signing guarantee of legal capacity, signing transfer of liabilities and loan contract amendment agreement, signing on behalf of the Company and the partners on debt arrangement agreement, issuing, amending and cancelling waivers, selling and registering the title to the buyer, buying, accepting the title registration and pay it, receiving title deeds, leasing, receiving the rent, signing rent agreements, renewing rent agreements, terminating lease agreements, pledging, mortgage redemption, segmenting and sorting, amending borders, lengths, areas, parts numbers, schemes numbers, title deeds and their numbers and districts' names, selling, accepting mortgage, updating title deeds and uploading it into the comprehensive system, selling share from, buying, buying share from, renting, amending the owner's name and the ID number, giveaway and title registration, accepting giveaway and title registration, waiving the lack of space, merging title deeds, accepting waiving and title registration, granting lost replacement for a group of title deeds, granting damaged replacement for a group of title deeds, selling and title registration for heirs, waiving the share of, building proof, granting a damaged replacement title deed, that is for real estates located in, dividing agricultural lands into residential or industrial, entering into estate contributions, buying estate contributions shares, selling estate contributions shares, waiving a leased land, updating title deeds and uploading it into the comprehensive system, granting a lost replacement title deed, dividing agricultural lands into residential, building lands, leasing the land, changing the Company's legal entity, converting the Company from a limited partnership company into a limited liability company, dividing shares between heirs and transferring it to their portfolios.

The Board shall appoint a Secretary from the Directors or others. The Chairman of the Board of Directors may delegate (by a written decision) some of his powers to other members or directly to others to carry out certain acts. The Deputy Chairman shall assume the Chairman's duties in his absence in case the Board of Directors does have a Deputy Chairman.

12.12.21 Vacancy of Director's Position

If the position of a board member becomes vacant the board may appoint a qualified person with relevant expertise to provisionally fill the vacancy the appointment shall be reported to the Commercial Register within 15 days from the date of such appointment and it shall be submitted to the Ordinary General Assembly in its first meeting. The appointed member shall complete the term of his predecessor. If the number of board members falls below the minimum number required for the validity of board meetings as stipulated in this Law or the Companies Law, the remaining members shall call for an Ordinary General Assembly meeting within 60 days to elect the required number of members.

12.12.22 Board Deliberations

The Board of Directors deliberations and decisions shall be recorded and signed by the meeting Chairman, Attending Board Members and Board Secretary the minutes shall be recorded in a special register signed by the Chairman of the Board and Board Secretary.

12.12.23 Formation of the Audit Committee

An Audit Committee shall be formed by a resolution of the Company's Board and the members of the audit committee shall be from the Shareholders or others, provided that no Executive Director is among its members. The number of the members of the Audit Committee shall not be less than three or more than five, provided that one of its members is specialised in finance and accounting. The Audit Committee shall have at least one Independent Director among its members. The chairman of the Audit Committee shall be an Independent Director. Half of the Audit Committee's members must be Independent Directors. Any person who works or has worked in the Company's finance Department, the Executive Management or for the Company's external Auditor during the preceding two years may not be a member of the Audit Committee. A member of the Audit Committee shall not be a member of the Audit Committees of more than five listed joint stock companies at the same time.

12.12.24 Quorum of the Audit Committee

Audit Committee meetings are valid if attended by a majority of its members. Resolutions of the Audit Committee shall be issued by a majority of the votes present and, in case of a tie, the chairman of the Audit Committee shall have the casting vote.

12.12.25 Competencies, Powers and Responsibilities of the Audit Committee

The audit committee shall be competent in monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems. The duties of the audit committee shall particularly include the following: Financial Reports: analysing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency; providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows Shareholders and investors to assess the Company's financial position, performance, business model and strategy; analysing any important or non-familiar issues contained in the financial reports; accurately investigating any issues raised by the Company's Chief Financial Officer or any person assuming his/her duties or the Company's compliance officer or external auditor; examining the accounting estimates in respect of significant matters that are contained in the financial reports; and examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon. Internal Audit: examining and reviewing the Company's internal and financial control systems and risk management system; analysing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports; and monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the Company to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties. providing a recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggest his/her remunerations. External Auditor: providing recommendations to the Board to nominate external Auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts; verifying the independence of the external auditor, its objectivity, fairness and effectiveness of the audit activities, taking into account the relevant rules and standards; reviewing the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical, administrative or consulting works that are beyond its scope of work, and provides its opinion thereon; responding to queries of the Company's external auditor; and reviewing the external Auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith. Ensuring Compliance: reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith; ensuring the Company's compliance with the relevant laws, regulations, policies and instructions; reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith; and reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken. If a conflict arises between the recommendations of the audit committee and the Board resolutions, or if the Board refuses to put the committee's recommendations into action as to appointing or dismissal the Company's external auditor or determining its remuneration, assessing its performance or appointing the internal auditor, the Board's report shall include the committee's recommendations and justifications, and the reasons for not following such recommendations.

12.12.26 Call for Assemblies Meetings

- General and special assemblies shall convene upon a call by the Board of Directors, in accordance with the conditions stipulated in the Company's articles of association. The Board of Directors shall call for an Ordinary General Assembly meeting within 30 days if requested by the auditor or by a Shareholder, or more, representing at least 10 per cent. of the Company's voting shares. If the Board fails to call for a General Assembly meeting within 30 days from the date of the Auditor's request, the auditor may call for such meeting.
- The request referred to in the above paragraph shall indicate the items on which Shareholders are required to vote.
- The call for an assembly meeting shall be made at least 21 days prior to the date set for the meeting in accordance with the rules specified in the Regulations, provided that:
  - Shareholders are notified of the meeting by registered mail sent to the addresses registered in the Shareholders' register, or by an announcement using means of technology; and
  - a copy of the invitation and the meeting agenda are sent to the Commercial Register and to the CMA if the Company is listed in the capital market at the time of the announcement.
- The invitation for the assembly meeting shall include at least the following:
  - a statement defining those with the right to attend the meeting and their right to designate persons other than Board members to act as their proxy; a statement of a Shareholder's right to discuss items on the meeting agenda and direct questions as well as the manner of exercising the right to vote;
  - the meeting venue, date and time;
  - the type of assembly, whether general or special; and
  - the meeting agenda, including the items on which Shareholders are required to vote.

12.12.27 Voting in Shareholders Assemblies

Voting for Board of Directors' members shall be using cumulative voting. Members of the Board of Directors may not vote on assembly decisions relating to transactions and contracts in which they have direct or indirect interest or which involve a conflict of interest.

12.12.28 Preparing Assembly Meeting Minutes

Minutes of assembly meetings shall indicate the number of Shareholders in attendance, whether in person or by proxy; the number of Shares held by each attendee, whether personally or by proxy; the number of votes designated thereto; the decisions made; the number of consenting and dissenting votes; and a summary of meeting discussions. The minutes shall be recorded after every meeting in a special register and signed by the assembly Chairman and Secretary and by the vote counters.

12.12.29 Attending Shareholders Assemblies

Any Shareholder regardless of his share, does have the right to attend the Founding Assembly and every Shareholder have the right to attend the General Assemblies and he may delegate someone other than the Board members or the Company's employees in attending the General Assembly.

12.12.30 Powers of the Ordinary General Assembly

Except for matters falling within the powers of the Extraordinary General Assembly, the Ordinary General Assembly shall have the powers necessary over all other Company matters and shall convene at least once during the six-month period following the end of the Company's fiscal year, other Ordinary General Assembly meetings may be held as necessary.

12.12.31 Quorum of the Ordinary General Assembly Meetings

An Ordinary General Assembly meeting shall be deemed valid only if attended by Shareholders who represent at least a quarter of the Company's voting shares, if this quorum is not satisfied, a second meeting may be held one hour after the end of the period set for the first meeting, provided that the invitation for the first meeting provides the possibility of holding a second meeting. If the invitation for the first meeting did not provide the possibility of holding a second meeting after an hour from the end of the period set for the first meeting, a call shall be made for a second meeting within 30 days following the date set for the previous meeting. The invitation shall be made within accordance with Article "**Call for Assemblies Meetings**" of these Bylaws, in all cases the second meeting shall be deemed valid regardless of the number of Shares represented therein.

12.12.32 Quorum of the Extraordinary General Assembly Meetings

An Extraordinary General Assembly meeting shall be deemed valid only if attended by Shareholders who represent at least half of the Company's voting shares, if the quorum required for an Extraordinary General Assembly meeting is not satisfied a second meeting shall be held. The second meeting may be held one hour after the end of the period set for the first meeting, provided that the invitation for the first meeting provides for the possibility of holding a second meeting. In all cases, the second meeting shall be deemed valid if attended by Shareholders who represent at least a quarter of the Company's voting Shares and if the quorum required for the second meeting is not satisfied, a call shall be made for a third meeting to be held under the same conditions stipulated in article "**Calls for Assemblies Meetings**" in this law the third meeting shall be deemed valid regardless of the number of voting Shares represented therein after the approval of the competent authority.

12.12.33 Assemblies' Resolutions

Ordinary General Assembly decisions shall be passed if approved by the majority of voting rights represented at the meeting, decisions falling within the powers of the Extraordinary General Assembly shall be passed if approved by at least two-thirds of voting rights represented at the meeting, except for decisions regarding, capital increase, capital decrease, extending Company's term, resolving the Company before the end of the term and merging with other companies, which shall be passed if approved by three-quarters of voting rights represented at the meeting.

12.12.34 Chairing Assemblies

Shareholder general assembly meetings shall be chaired by the Chairman of the Board of Directors, the Vice-Chairman in case of the Chairman's absence, or any member designated by the Board of Directors in the absence of both the Chairman and Vice-Chairman. Minutes of assembly meetings shall indicate the number of Shareholders in attendance, whether in person or by proxy; the number of Shares held by each attendee, whether personally or by proxy; the number of votes designated thereto; the decisions made; the number of consenting and dissenting votes; and a summary of meeting discussions. The minutes shall be recorded after every meeting in a special register and signed by the assembly's Chairman and Secretary and by the vote counters. The Competent Authority may set rules for the minutes of assembly meetings and the duties of assembly secretaries and vote counters.

12.12.35 External Auditor

The Company shall have one auditor, or more, licenced to practice in the Kingdom. His appointment, fees, term and scope of work shall be determined by the General Assembly, and he may be re-appointed but shall not exceed the maximum term set in the Implementing Regulations of the Companies Law. The General Assembly may remove the auditor, without prejudice to his right to compensation for any damage he incurs, if justified.

12.12.36 External Auditor's Powers

The auditor may, at any time, access the Company's files, accounting records and other supporting documents, and he may request any information and clarifications he deems necessary to verify the Company's assets and liabilities as well as any other matters falling within his scope of work. The Company's Chairman shall enable the auditor to carry out his assignment. If the auditor encounters any difficulty in carrying out his assignment, he shall submit a report to this effect to the Board of Directors. If the Board of Directors fails to facilitate the Auditor's work, the auditor shall submit a request thereto to call for a meeting of the General Assembly, to review the matter.

12.12.37 Company's Fiscal Year

The Company's fiscal year shall be 12 Georgian months starting from 1 January and ends at 31 December.

12.12.38 Financial Documents

Ordinary General Assembly decisions shall be passed if approved by the majority of voting rights The Board of Directors shall, at the end of the Company's fiscal year, prepare the Company's financial statements as well as a report on its activities and financial position for the ending fiscal year. Said report shall include a proposal on the manner of distributing dividends. The board shall make such documents available to the auditor, if any, at least 45 days prior to the date set for the annual Ordinary General Assembly meeting. The documents referred to in paragraph (1) of this Article shall be signed by the Chairman of the Company's Board of Directors and its Chief Executive Officer as well as by its Chief Financial Officer, Copies of such documents shall be maintained at the Company's headquarters and made available to Shareholders at least 21 days prior to the date set for General Assembly. The Chairman of the Board of Directors shall provide Shareholders with the Company's financial statements and the Board's report after signing the same, as well as the Auditor's report, if any, unless they are published using any means of technology, at least 21 days prior to the date set for the annual Ordinary General Assembly meeting. The Chairman of the Board shall also deposit such documents in accordance with the Regulations by three-quarters of voting rights represented at the meeting.

12.12.39 Distribution of Dividends

The Company's annual net profits shall be distributed as follows: ten per cent. Shall be set aside to be allocated to create a conventional reserve for the Company, until such reserve reached 30 per cent. of the Company's paid capital. The Ordinary General Assembly may when determining dividends from the net profit, decide to create other reserves to serve the Company's interest or ensure the distribution of fixed dividends, as feasible, to the Shareholders. Said assembly may allocate amounts from the net profit for social objectives that benefit the Company's staff. The General Assembly shall determine the percentages of the net profit to be distributed to the Shareholders after deducting the reserve, if any. The Company may by a resolution form the Board of Directors, to distribute interim dividends on a quarterly or biannual basis.

12.12.40 Dividends Entitlement

A Shareholder is entitled to his share of dividends as per the General Assembly's decision in respect of the distribution of dividends, the resolution shall specify the record date and the distribution date, the dividends' entitlement shall be to Shareholders registered in the Shareholders register at the end of the entitlement day. The Board of Directors shall execute the General Assembly's decision regarding the distribution of dividends to the registered Shareholders within 15 Business Days commencing from the date of the entitlement of such dividends in the General Assembly's resolution.

12.12.41 Dividends Distribution for Preferred Shares

If no dividends were distributed for any financial year, then there might not be a dividends distribution for the following years unless the specified percentage stipulated in article 140 of the Companies Law, for preferred Shareholders is paid for the current year, if the Company failed to pay such percentage from the profits for three consecutive years, the Special Assembly for those Shareholders convened pursuant to article 89 of the Companies Law, may decide their attendance to General Assemblies meetings and vote, or appointing a proxy in the Board of Directors, in proportion to their Shares to the capital, that is until the Company becomes capable of paying all priority dividends for those Shareholders for the previous years.

12.12.42 Company Losses

If the losses of the Company amount to half of the issued capital, the Board of Directors shall, within 60 days from the date of its knowledge thereof, announce the losses and the recommendations relating thereto, and shall, within 180 days from said date, call for an Extraordinary General Assembly meeting to consider the continuation of the Company by taking measures necessary to resolve such losses or the dissolution of the Company.

12.12.43 Liability Claim

Each Shareholder shall have the right to file a liability action, vested in the Company, against members of the Board who have committed a mistake that caused said Shareholder to suffer damages. Such liability action may only be filed by the Shareholder, if the Company's right to file such action remains valid. The Shareholder shall notify the Company of his/its intention to file such action.

12.12.44 Company Termination

Upon termination the Company shall enter into liquidation shall retain its legal personality to the extent necessary for liquidation, the liquidation decision must be issued by the Extraordinary General Assembly and the resolution must include appointment of the liquidator, determining his powers, compensation, restrictions on his powers and the period for such liquidation, in all cases the liquidation period must not exceed three years, and it may not be extended for a longer period without a judicial order and the powers of the Company's Board of Directors shall end upon its termination, however, they shall remain in charge of managing the Company and shall be deemed liquidators vis-à-vis third parties pending appointment of a liquidator the Company's assemblies shall remain valid during the liquidation period, and their role shall be limited to exercising their powers that are not inconsistent with those of the liquidator.

12.12.45 Closing Provisions

- The Company is subject to the laws of the Kingdom of Saudi Arabia.
- Any article that contradicts the provisions of the Companies Law in these Bylaws shall not be considered valid, and the provisions of the Companies Law shall apply to it. Whatever is not mentioned in these Bylaws, the Companies Law and its Executive Regulations shall be applied.
- The provisions and information included in these bylaws are acknowledged by the founders to be accurate and in compliance with the regulations of the Companies Law issued by the Royal Decree No. M/132 dated 1 Thul-Hijjah 1143H (corresponding to 30 June 2022G) and its Implementing Regulation, and its fulfilment with all requirements and instructions issued by the Ministry of Commerce as per the law. The founders bear responsibility for any legal and financial consequences that may arise from this compliance. Additionally, the founders are aware of the Ministry's right to take necessary regulatory actions in the event of any violation or contradiction in the provisions of the Bylaws.

13. UNDERWRITING

The Underwriter, SNB Capital Company, has undertaken to fully underwrite the Offering of one hundred and twenty million (120,000,000) Ordinary Shares pursuant to an underwriting agreement (the "**Underwriting Agreement**") entered into with the Company and the Selling Shareholders, subject to certain conditions. The Underwriter's details are set out below:

13.1 SNB Capital Company

SNB Capital Company
SNB Capital Company Regional Building - King Saud Road
P.O. Box 22216
Riyadh 11495
Kingdom of Saudi Arabia
Tel: +966 (92) 0000232
Fax: +966 (11) 4060052
Website: www.alahlicapital.com

The principal terms of the Underwriting Agreement are set out below:

13.2 Summary of Underwriting Arrangement

Under the terms and subject to the conditions contained in the Underwriting Agreement:

a- The Selling Shareholders undertakes to the Underwriter that on the first Business Day after allocation of the Offer Shares following the end of the Offering Period, it shall:
   i- sell and allocate the Offer Shares to any Individual Subscriber or Participating Entities whose application for Offer Shares has been accepted; and
   ii- sell and allocate to the Underwriters 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 Company and the Selling Shareholders that at the date of allocation, it will purchase any Offer Shares that have not been subscribed by the Individual Subscribers or Participating Parties, in accordance with what is mentioned below:

Table 13.1: Underwritten Shares

Underwriter	Number of Offer Shares to be Underwritten	Percentage of Offer Shares Underwritten
SNB Capital Company	120,000,000	100%

Source: The Company.

The Company and the Selling Shareholders have committed to satisfy all the provisions of the Underwriting Agreement.

13.3 Underwriting Costs

The Selling Shareholders will pay the Underwriter on a proportional basis an underwriting fee based on the total value of the Offering 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 SAR 53,000,000. 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 Consultant and the Receiving Agents, 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 Admission, the Company undertakes to:

- 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 present justification for such non-compliance;
- provide the CMA with the date on which the first General Assembly will be held following Admission so that a representative thereof may attend;
- amendment of the Company's bylaws at the first General Assembly following Admission;
- submit transactions and contracts in which a Director has a direct or indirect interest for authorisation by the 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 is 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*);
- comply with all the mandatory provisions of Corporate Governance Regulations immediately upon Admission; and
- comply with all the mandatory provisions of the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules immediately upon Admission.

Similarly, following Admission, the Directors undertake to:

- record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Chairman and the Secretary; and
- 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 the Bookrunner or any Receiving Agent, as applicable, is deemed as the Subscriber's acceptance and approval of the subscription terms and conditions.

17.1 Subscription to Offer Shares

The Offering will consist of one hundred and twenty million (120,000,000) Ordinary Shares with a fully paid nominal value of one Saudi Arabian Riyals (SAR 1) per share at an Offer Price of SAR 7.5 per Offer Share. The Offer Shares represent 30 per cent. of the Company's share capital with a total value of SAR 900,000,000. The CMA has also the right to suspend the Offering if, at any time after its approval of this Prospectus and before the registration of and Admission to the 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:

17.1.1 Tranche (A): Participating Parties

Comprising the parties entitled 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 one hundred and twenty million (120,000,000) Offer Shares, representing 100 per cent. of Offer Shares. The final allocation for the Participating Entities will be made upon the expiry of the Individual Subscribers' subscription period, using the discretionary allocation mechanism. If there is sufficient demand by Individual Subscribers, the Financial Advisor, in coordination with the Company, shall have the right to reduce the previously allocated Offer Shares to Participating Entities to one hundred and eight million (108,000,000) Offer Shares, representing 90 per cent. of the total Offer Shares.

17.1.2 Tranche (B): Individual Subscribers

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 a Receiving Agent and the right to open an investment account with a Capital Market Institution or those who have an active portfolio with SNB Capital Company in the event of subscription through SNB Capital Company. 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 twelve million (12,000,000) Offer Shares representing ten per cent. (10%) of the total Offer Shares shall be allocated to Individual Subscribers. If the Individual Subscribers do not subscribe in full to the Offer Shares allocated to them, the Financial Advisor, in coordination with the Company, may reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares subscribed by them.

17.2 Book-Building and Subscription by Participating Parties

a- The Financial Advisor of the Company shall determine the price range for the purposes of book-building, which will be made available to all Participating Parties.

b- Each of the Participating Parties must 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 the fixing of 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 one hundred thousand (100,000) Offer Shares nor more than ninety million, nine hundred ninety-nine thousand and nine hundred ninety-nine (19,999,999) 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. Subscriptions by the Participating Entities will commence during the Offering Period, which also includes the Individual Subscribers, 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 Financial Advisor 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 Subscribers

Each Individual Subscriber must subscribe for a minimum of ten (10) Offer Shares and a maximum of two hundred and fifty thousand (250,000) Ordinary Shares. Changes to or withdrawal 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. Subscription Application Forms must be completed in accordance with the instructions mentioned below. Individual Subscribers can also subscribe through the Internet, banking telephone or ATMs of any of the Receiving Agents' branches that offer any or all such services to its customers, provided that, the following requirements are satisfied:

a- the Individual Subscriber has a bank account at a Receiving Agent, which offers such services;

b- The Individual Subscriber must have an active portfolio if he/she wishes to subscribe to the Offering Shares through SNB Capital Company.

c- there have been no changes in the personal information or data of the Individual Subscriber since his/her subscription in a recent initial public offering; and

d- the Individual Subscribers who are not Saudi or GCC natural persons has 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 Subscriber submitting the application to the Receiving Agents.

Individual Subscribers may obtain a copy of this Prospectus from the websites of the Company (www.smasco.com), the CMA (www.cma.org.sa) or the Financial Advisor (www.alahlicapital.com).

Following are the Receiving Agents details:

Receiving Agents	
Saudi National Bank King Fahd Road - Al Aqeeq District - KAFD Kingdom of Saudi Arabia P.O. Box: 3208 Unit No.: 778 Tel: +966 (92) 0001000 Fax: +966 (92) 4060052 Website: www.alahli.com E-mail: contactus@alahli.com	SNB
Alrajhi Bank King Fahad Road - Al Muruj District Riyadh 11411 Kingdom of Saudi Arabia Tel: +966 (11) 828 2515 Fax: +966 (11) 279 8190 Website: www.alrajhibank.com.sa E-mail: contactcenter1@alrajhibank.com.sa	مصرف الراجحي alrajhi bank
SNB Capital Company SNB Capital Company Regional Building–- King Saud Road P.O. Box 22216 Riyadh 11495 Kingdom of Saudi Arabia Tel: +966 (92) 0000232 Fax: +966 (11) 4060052 Website: www.alahlicapital.com E-mail: snbc.cm@alahlicapital.com	SNB Capital

The Receiving Agents will commence receiving Subscription Application that offer any or all such services beginning on Sunday 18/11/1445H (corresponding to 26/05/2024G) until Monday 19/11/1445H (corresponding to 27/05/2024G). 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. Individual Subscribers do not have the right to claim any compensation for damages incurred due to such cancellation.

Each Individual Subscriber 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 SAR 7.5 per Offer Share.

Subscriptions by Individual Subscribers of less than ten (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 two hundred and fifty thousand (250,000) Offer Shares.

Subscription Application Forms for Individual Subscribers must be submitted during the Offering Period and accompanied (where applicable) with the following documents (the Receiving Agents will verify all copies against the originals and will return the originals to the relevant Individual Subscriber):

a- the original and a copy of the Individual Subscriber's national civil identification card (in case of individuals, including Saudi and other GCC natural persons);
b- the original and a copy of the family civil identification card (when subscribing on behalf of family members);
c- the original and a copy of a power of attorney (when subscribing on behalf of others);
d- the original and a copy of the certificate of guardianship (when subscribing on behalf of orphans);
e- the original and a copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman);
f- the original and a copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman); and
g- the original and a 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 an application is made on behalf of an Individual Subscriber (parents and children only), the name of the person signing on behalf of the Individual Subscriber should be stated in the Subscription Application Form, accompanied by a valid original and copy of the power of attorney. The power of attorney must be notarised by a notary public for the Individual Subscribers residing in the Kingdom and must be legalised through a Saudi embassy or consulate in the relevant country for the Individual Subscribers residing outside the Kingdom. The concerned official of the Receiving Agent shall match the copy with the original version and return the original version to the Individual Subscriber.

One Subscription Application Form should be completed for each primary Individual Subscriber applying for himself/herself and members appearing on his/her family identification card if the family members apply for the same number of Offer Shares as the primary Individual Subscriber. In this case:

a- all Offer Shares allocated to the primary Individual Subscriber and dependent Individual Subscribers will be registered in the primary Individual Subscriber's name;
b- the primary Individual Subscriber will receive any refund in respect of amounts not allocated and paid for by himself/herself or dependent Individual Subscribers; and
c- the primary Individual Subscriber will receive all dividends distributed in respect of the Offer Shares allocated to himself/herself and dependent Individual Subscribers (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 Subscriber;

b- dependent Individual Subscribers intend to apply for a different number of Offer Shares than the primary Individual Subscribers; or

c- the wife subscribes in her name, adding allocated Offer Shares to her account (she must complete a separate Subscription Application Form than the Subscription Application Form completed by the relevant primary Individual Subscriber). 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 Subscriber 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 Subscriber 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 Subscribers. 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 Subscriber 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 SAR 7.5 per Offer Share. Each Individual Subscriber shall acquire the number of Offer Shares allocated to him/her upon:

a- delivery by the Individual Subscriber of the Subscription Application Form to any of the Receiving Agents; and

b- payment in full by the Individual Subscriber to the Receiving Agent of the total value of the Offer Shares subscribed for.

The total value of the Offer Shares subscribed for must be paid in full at a branch of the Receiving Agents by authorising a debit of the Individual Subscriber's account held with the Receiving Agent 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 such application in full or in part. The Individual Subscriber must accept any number of Offer Shares allocated to him/her unless the allocated shares exceed the number of Offer Shares he/she has applied for.

17.4 Allocation and Refunds

The Lead Manager shall open and operate escrow accounts for the purpose of depositing and keeping the amounts from the Offering that were received from the Participating Entities and the Receiving Agents. Each of 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, will 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 final allocation will be announced no later than 26/11/1445H (corresponding to 03/06/2024G) and refunds shall be processed no later than 04/12/1445H (corresponding to 10/06/2024G) (for further details, see "*Key Dates and Subscription Procedures*", page (xiv) and Section 17 *(Subscription Terms and Conditions))*.

17.4.1 Allocation of Offer Shares to Participating Entities

After completion of the allocation of the Offer Shares to Individual Subscribers, a final allocation of the Offer Shares to the Participating Entities will be made as the Financial Advisor deems appropriate, in coordination with the Company, using the discretionary allocation mechanism. The number of Offer Shares to be initially allocated to the Participating Entities is one hundred and twenty million (120,000,000) ordinary Shares, representing 100 per cent. of the Offer Shares. The percentage of Offer Shares allocated to public funds shall be at least 40% per cent. of the total number of Offer Shares, if there is sufficient demand by public funds. The Offer Shares will be allocated to each public fund initially pro rata based on the ratio of what was requested by each public fund to the total number of shares requested by each public fund. If the Individual Subscribers subscribe to the Offer Shares allocated thereto, the Financial Advisor, in coordination with the Company, shall have the right to reduce the number of Offer Shares allocated to the Participating Entities to one hundred and eight million (108,000,000) ordinary Shares, representing ninety per cent. (90%) of the Offer Shares after the completion of the Individual Subscribers' subscription process. Initially, forty eight million (48,000,000) Shares will be allocated to public funds, representing 40% per cent. of the total number of Offer Shares, noting that if there is sufficient demand by Individual Subscribers to subscribe to the Offer Shares, the Lead Manager may reduce the number of shares allocated to public funds to forty three million and two hundred shares (43,200,000) Shares as a minimum, representing 36% per cent. of the total number of Offer Shares, after the completion of the Individual Subscribers' subscription process.

17.4.2 Allocation of Offer Shares to Individual Subscribers

There will be an allocation of a maximum of twelve million (12,000,000) Offer Shares representing ten per cent. (10%), to Individual Subscribers. The minimum allocation per Individual Subscriber is ten (10) Offer Shares and the maximum allocation per Individual Subscriber is two million five hundred thousand (2,500,000) Offer Shares. The balance of the Offer Shares (if available) will be allocated on a pro rata basis of the percentage applied for by each Individual Subscriber to the number of Offer Shares applied for by each Individual Subscriber. If the number of Individual Subscribers exceeds one million two hundred thousand (1,200,000), the Company will not guarantee the minimum allocation. The Offer Shares will be allocated at the discretion of the Financial Advisor in coordination with the Company. Excess subscription monies, if any, will be refunded to the Individual Subscribers 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 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 pay on time 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- if 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- if information about the proposed transaction of the reverse takeover is leaked and the Issuer cannot accurately assess its financial position and the Exchange cannot be informed accordingly;
   - vii- if an application for financial restructuring of the Issuer in the event of its accumulated losses reaching 50 per cent. or more of its capital is registered with the court under the Bankruptcy Law;
   - viii- if a 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 issuance of a final judgment initiating the liquidation procedure or the administrative liquidation procedure of the Issuer in court under the Bankruptcy Law.

b- Lifting of the 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 of 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 Auditors' report on the financial statements of the Issuer contains an adverse opinion or an abstention from expressing an 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 removes 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 case that the Issuer's shares are available for trading outside the platform, the Exchange removes 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 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 of the Issuer.

h- Upon the Issuer's completion of a reverse takeover, the Issuer's Shares are de-listed. If the Issuer wishes to re-list its shares, it must submit a new application for 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 cancellation of listing resulting from the losses of the Issuer pursuant to relevant implementing regulations of the CML and 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 of its securities without the prior approval of the CMA. To obtain CMA approval, the Issuer must provide the cancellation application to the CMA along with a simultaneous notice to the Exchange. The application must include the following:

i- 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 other 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- If the 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 trading of the securities of that Issuer immediately upon receiving such request.

b- If 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, its anticipated period and the nature of the event that caused it, 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 if it 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 Listing Rules.

d- The Exchange may propose that the CMA 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 decide otherwise.

f- If the listing suspension continues for six (6) months with no appropriate procedure made by the Issuer to correct such suspension, CMA may cancel the listing of Issuer.

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 26 Rabi' al-Awwal 1445H (corresponding to 11 October 2023G);

b- the Company's General Assembly resolution approving the Offering issued on 14 Jumada al-Ula 1445H (corresponding to 28 November 2023G);

c- the CMA's approval of the Shares Offering issued on 01/09/1445H (corresponding to 11/03/2024G); and

d- the conditional approval of Tadawul to list the issued Shares on 16 Rajab 1445H (corresponding to 28 January 2024G).

17.7 Lock-up Period

Substantial Shareholders whose names are shown in Table 2 (*The Substantial Shareholders and Their Ownership in the Company Pre- and Post-Offering*) 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. They may dispose of its Shares after the expiry of this period without obtaining the prior approval of the CMA.

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 understood all 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 himself/herself 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;

f- warrants not to cancel or amend the Subscription Application Form after submitting it to the Receiving Agent or 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

The Securities Depository Center Company (Edaa) shall keep a Shareholders' Register in accordance with its laws and regulations.

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, during other than those times, orders can be entered, amended or cancelled from 9:30 a.m. to 10:00 a.m. 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 "**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 transfers take 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 Center (Edaa)

The Securities Depository Center Company ("**Edaa**") was established in 2016G as a closed joint stock company in accordance with the previous Saudi Companies Law issued by Royal Decree No. M/3 dated 28 Muharram 1437H (corresponding to 10 November 2015G), with a capital of four hundred million Saudi Arabian Riyals (SAR 400,000,000), divided into four hundred (400,000,000) ordinary shares, with a fully paid equal nominal value of one Saudi Arabian Riyals (SAR 1) 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 Center 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 the Exchange 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 residency 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 and Strategic Foreign Investors will be permitted to trade in the Shares in accordance with the Rules for Foreign Investment in Securities. 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. The Capital Market Institutions shall be deemed the legal owners of the Shares under the swap agreements. Moreover, other Foreign Investors which are clients of a Capital Market Institution authorised by the CMA to conduct managing activities will be permitted to trade in the Shares in accordance with the Rules for Foreign Investment in Securities, provided that the Capital Market Institution has been appointed on conditions that enable it to make all investment decisions on the client behalf without obtaining prior approval from the client.

Furthermore, Shares can 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 are 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 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 are assigned and delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions, the 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 versions, the Arabic version of this Prospectus shall prevail.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom of Saudi Arabia are expressly prohibited, except for certain GCC investors, Qualified foreign 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 the 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) additional significant matters that have become known 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, 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 at Al Olaya Street, Al Ghadeer District, P.O. Box 91279, Riyadh 13311, Kingdom of Saudi Arabia, between 10:00 a.m. and 4:00 p.m. from Monday 20/10/1445H (corresponding to 29/04/2024G) until Monday 19/11/1445H (corresponding to 27/05/2024G) for a period of not less than 20 days prior to the end of the Offering Period:

a- the CMA announcement of the approval of the Offering;

b- the conditional approval of the Tadawul on listing the Company's Shares;

c- the Company's Board of Directors' resolution to offer the shares for public subscription, dated 26 Rabi' al-Awwal 1445H (corresponding to 11 November 2023G);

d- the Company General Assembly's approval of the Offering, dated 14 Jumada al-Ula 1445H (corresponding to 28 November 2023G);

e- the Company's Bylaws;

f- the Company's articles of association;

g- the Company's commercial registration certificate issued by the MoC;

h- the Group's audited consolidated Financial Statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the reviewed consolidated interim Financial Statements for the nine-month period ended 30 September 2023G;

i- the market report prepared by the Market Consultant;

j- all other reports, letters, documents, value and data assessments prepared by any expert, including any part thereof mentioned in this Prospectus;

k- contracts and agreements disclosed in Section 12.9 *(Related Party Contracts and Transactions)*;

l- letters of consent from each of:

   i- the Financial Advisor, Lead Manager, Bookrunner and Underwriter, SNB Capital Company for the inclusion of its name, logo and statements in this Prospectus;

   ii- the Auditors, Baker Tilly MKM & CO for the inclusion herein of its name and logo, along with the audit reports on the Financial Statements of the Company for the financial years ended 31 December 2020G, 2021G and 2022G, and Dr. Mohamed Al-Amri & Co for the inclusion herein of its name and logo, along with the audit reports for Financial Statements of the Company for the reviewed consolidated interim Financial Statements for the nine-month period ended 30 September 2023G;

   iii- the Financial Due Diligence Advisor Ernst & Young Professional Services Company (Public Accountants) for the inclusion of its name, logo and statements in this Prospectus;

   iv- the Market Consultant Arthur D. Little Saudi Arabia for the inclusion of its name, logo and statements, in this Prospectus; and

   v- the Legal Advisor STAT Law Firm, for the inclusion of its name, logo and statements, in this Prospectus; and

m- the document containing the mechanism that was relied on to arrive at the price range used in the book-building process or the valuation report.

19. FINANCIAL STATEMENTS AND AUDITORS' REPORT

This Section contains the Group's audited consolidated Financial Statements for the financial years ended 31 December 2020G, 2021G and 2022G, and the reviewed consolidated interim Financial Statements for the nine-month period ended 30 September 2023G, and the accompanying notes thereto, which have been prepared by the Auditors in accordance with the IFRS and other standards and pronouncements endorsed by SOCPA.

SAUDI MANPOWER SOLUTIONS COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020

SAUDI MANPOWER SOLUTIONS COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020

BAKER TILLY MKM & CO.
CERTIFIED PUBLIC ACCOUNTANTS
P.O.Box 300467, Riyadh 11372
Kingdom of Saudi Arabia
T: +966 11 835 1600
F: +966 11 835 1601

Independent Auditor's Report

To the Shareholders
Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)
Riyadh – Kingdom of Saudi Arabia

Opinion

We have audited the consolidated financial statements of Saudi Manpower Solutions Company (the "Company"), and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") 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 ("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 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 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 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 IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and Regulations for Companies and the Company's Bylaws 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 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 Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

bakertilly

Independent Auditor's Report (continued)

To the Shareholders - Saudi Manpower Solutions Company

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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, 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.

Baker Tilly MKM & Co. CPA

بيكر تيلي م ك م وشركاه محاسبون قانونيون
CPA
BAKER TILLY
M K M & CO

Majed Moneer Al Nemer
(Certified Accountant: License No. 381)
Riyadh on Sha'ban 22, 1442 AH
Corresponding April 04, 2021 AD

2

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Consolidated Statement of Financial Position
As at December 31, 2020
(Expressed in Saudi Riyals)

	Notes	2020	2019
ASSETS			
Current assets			
Cash and cash equivalents	5	55,438,731	41,361,144
Short term investments	6	195,000,000	70,000,000
Investment at fair value through profit or loss		2,421,195	2,438,489
Trade receivables	7	244,209,745	233,271,456
Inventory	8	2,300,100	1,530,734
Prepayments and other debit balances	9	246,921,607	320,895,786
Current portion of visas in use	11	5,400,590	9,230,247
Available visas	12	27,808,000	24,338,000
Total current assets		779,499,968	703,065,856
Non-current assets			
Property and equipment	13	226,302,505	179,743,867
Right-of-use assets	14	34,678,971	44,712,020
Investment property	15	26,906,000	26,906,000
Projects under progress	16	44,339,742	51,136,667
Visas in use	11	11,822,062	31,086,583
Total non-current assets		344,049,280	333,585,137
TOTAL ASSETS		1,123,549,248	1,036,650,993
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Current portion of retained deposits	17	45,557,415	32,185,647
Unearned revenues		91,744,152	82,804,908
Trade payables		27,508,966	17,803,926
Accrued expenses and other credit balances	18	183,250,755	177,612,739
Current portion of lease liabilities	14	11,827,096	16,153,011
Zakat provision	19	11,823,717	9,314,649
Total current liabilities		371,712,101	335,874,880
Non-current labilities			
Employees' defined benefit obligation	20	72,731,537	58,368,999
Lease liabilities	14	16,716,612	19,787,377
Retained deposits	17	64,409,035	86,504,131
Total non-current liabilities		153,857,184	164,660,507
TOTAL LIABILITIES		525,569,285	500,535,387
Equity			
Share capital	1	400,000,000	300,000,000
Statutory reserve	21	62,083,613	48,279,875
Retained earnings		135,896,350	187,835,731
Total equity		597,979,963	536,115,606
TOTAL LIABILITIES AND EQUITY		1,123,549,248	1,036,650,993

The accompanying notes form an integral part of these consolidated financial statements

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended December 31, 2020
(Expressed in Saudi Riyals)

	Notes	2020	2019
Revenues	22	1,854,713,638	1,958,092,512
Cost of revenues	23	(1,591,601,655)	(1,623,739,032)
Gross profit		263,111,983	334,353,480
General and administrative expenses	24	(60,773,613)	(78,117,967)
Marketing expenses	25	(48,091,484)	(58,215,965)
Expected credit loss on trade receivables	7	(1,122,185)	(21,458,513)
Profit from main operations		153,124,701	176,561,035
Finance Cost on lease liability and employees defined benefit obligation	26	(2,633,939)	(3,209,211)
Other income, Net	27	703,527	2,746,351
Profit before zakat		151,194,289	176,098,175
Zakat	19	(13,156,911)	(10,150,000)
Profit for the year		138,037,378	165,948,175
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement (losses) gain on employees' defined benefit obligation	20	(1,173,021)	1,996,716
Other comprehensive (loss) income for the year		(1,173,021)	1,996,716
Total comprehensive income for the year		136,864,357	167,944,891
Earnings per share	28		
Profit from main operations		3.83	4.41
Profit for the year		3.45	4.15

The accompanying notes form an integral part of these consolidated financial statements

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Consolidated Statement of Changes in Equity
For the year ended December 31, 2020
(Expressed in Saudi Riyals)

	Notes	Share capital	Statutory reserve	Retained earnings	Total equity
As at January 1, 2019		100,000,000	31,685,057	261,485,658	393,170,715
Profit for the year		-	-	165,948,175	165,948,175
Other comprehensive income for the year		-	-	1,996,716	1,996,716
Transfer to statutory reserve	21	-	16,594,818	(16,594,818)	-
Share capital increase	1	200,000,000	-	(200,000,000)	-
Dividends paid	32	-	-	(25,000,000)	(25,000,000)
As at December 31, 2019		300,000,000	48,279,875	187,835,731	536,115,606
As at January 1, 2020		300,000,000	48,279,875	187,835,731	536,115,606
Profit for the year		-	-	138,037,378	138,037,378
Other comprehensive loss for the year		-	-	(1,173,021)	(1,173,021)
Transfer to statutory reserve	21	-	13,803,738	(13,803,738)	-
Share capital increase	1	100,000,000	-	(100,000,000)	-
Dividends paid	32	-	-	(75,000,000)	(75,000,000)
As at December 31, 2020		400,000,000	62,083,613	135,896,350	597,979,963

The accompanying notes form an integral part of these consolidated financial statements

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Consolidated Statement of Cash Flows
For the year ended December 31, 2020
(Expressed in Saudi Riyals)

	2020	2019
OPERATING ACTIVITIES:		
Profit for the year	**138,037,378**	165,948,175
Adjustments:		
Expected credit loss on trade receivable	**1,122,185**	21,458,513
Amortization of visas in use	**33,144,885**	48,697,900
Depreciations and amortizations	**42,782,575**	37,145,247
Zakat provision for the year	**13,156,911**	10,150,000
Losses (Gains) from disposal of property and equipment	**1,344,960**	(5,360)
Gains from lease contracts adjustments	**(2,839,379)**	-
Current Cost of employees' defined benefit obligation	**36,061,854**	24,578,670
Finance cost on employees' defined benefit obligation	**1,119,940**	1,656,625
Finance cost on lease liabilities	**1,513,999**	1,552,586
Losses (Gains) from revaluation of investments at fair value through profit or loss	**17,294**	(224,825)
Changes in working capital:		
Trade receivables	**(12,060,474)**	(31,726,543)
Inventory	**(769,366)**	(936,399)
Prepayments and other debit balances	**74,786,359**	(60,059,821)
Cash margin on letter of guarantee	**-**	10,000,000
Available visas	**(13,702,000)**	(41,592,000)
Retained deposits	**(8,723,328)**	1,548,348
Unearned revenue	**8,939,244**	(10,246,629)
Trade payables	**9,886,333**	(4,151,896)
Accrued expenses and other credit balances	**5,638,016**	(7,980,156)
Cash from operations	**329,457,386**	165,812,435
Employees' defined benefit obligation paid	**(24,804,457)**	(15,557,914)
Zakat paid	**(10,647,843)**	(10,252,201)
Net cash from operating activities	**294,005,086**	140,002,320
INVESTING ACTIVITIES:		
Short term investments	**(125,000,000)**	(40,000,000)
Investment at fair value through profit or loss	**-**	(2,213,664)
Purchases of property and equipment	**(19,693,274)**	(19,670,418)
Proceeds from sale of property and equipment	**121,039**	187,934
Additions to projects under progress	**(45,689,385)**	(49,519,065)
Net cash used in investing activities	**(190,261,620)**	(111,215,213)
FINANCING ACTIVITIES:		
Dividends paid	**(75,000,000)**	(25,000,000)
Lease liabilities paid	**(14,665,879)**	(17,595,791)
Net cash used in financing activities	**(89,665,879)**	(42,595,791)
Net change in cash and cash equivalents	**14,077,587**	(13,808,684)
Cash and cash equivalents at January 1	**41,361,144**	55,169,828
Cash and cash equivalents at December 31	**55,438,731**	41,361,144
Non-cash transactions:		
Transfer from available visas to Visas in use (Note 11/12)	**10,232,000**	43,204,000
Visas charged to trade payables balances (Note 12)	**181,293**	3,458,139
Transfer from project under progress to property and equipment (Note 13,16)	**52,486,310**	78,093
Prepaid rent	**-**	8,643,399
Additions to the lease contracts (Note 14)	**14,442,973**	12,895,660
Disposals to the lease contracts (Note 14)	**6,233,769**	-

The accompanying notes form an integral part of these consolidated financial statement

6

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements
For the year ended December 31, 2020

1. INCORPORATION AND ACTIVITIES:

Saudi Manpower Solutions Company (the "Company") is a Saudi closed joint stock company registered in Riyadh, Kingdom of Saudi Arabia, under Commercial Registration No. 1010331000 issued in Riyadh on Rabie Al Thani 12, 1433 (March 5, 2012).

At the Extraordinary General Assembly meeting held on Rabi` al-Awwal 29, 1442H (corresponding to November 15, 2020), the Shareholders decided to increase the capital to SR 400 million by transferring the amount of SR 100 million from the retained earnings to capital, The company's capital as of December 31, 2020 consists of 40,000,000 shares (2019: 30,000,000 shares) of SR 10 per share.

The Company is operating in the mediate recruitment and employment of manpower for household, public sector and the private sector, and to provide manpower services to others in relation to household, public sector and the private sector. Employees who provide direct services to the Company's clients through secondment are referred to as manpower for the purposes of these consolidated financial statements.

The Company's headquarters is located in Riyadh, PO Box 91279 Riyadh 11633.

The accompanying consolidated financial statements include the activities of the Company and its branches listed below, which operate under the following commercial registers:

Branch	Commercial registration
Saudi Manpower Solutions Company- Riyadh – Head quarter - Main	1010331000
Saudi Manpower Solutions Company- Riyadh – Head quarter - Branch	1010370621
Saudi Manpower Solutions Company- Riyadh – Head quarter - Branch	1010370627
Saudi Manpower Solutions Company- Riyadh – Head quarter – Branch	1010374728
Saudi Manpower Solutions Company- Riyadh	1010434966
Saudi Manpower Solutions Company- Al Muruj - Riyadh	1010612745
Saudi Manpower Solutions Company- Al Ross - Riyadh	1132011182
Saudi Manpower Solutions Company- Al Jubail Industrial	2055020287
Saudi Manpower Solutions Company- Al Kharj - Al Kharj	1011024362
Saudi Manpower Solutions Company- Buraydah – Al Qassem	1131055684
Saudi Manpower Solutions Company- Al Mubarraz - Al Ihsaa	2252061445
Saudi Manpower Solutions Company- Al Dammam	2050105591
Saudi Manpower Solutions Company- Al Jouf – Skaka	3400019300
Saudi Manpower Solutions Company- Al Baha	5800021378
Saudi Manpower Solutions Company- Tabouk	3550036348
Saudi Manpower Solutions Company- Al Taif	4032051573
Saudi Manpower Solutions Company- Abha	5850068558
Saudi Manpower Solutions Company- Al Madina Al Monawara	4650078632
Saudi Manpower Solutions Company- Makkah	4031100018
Saudi Manpower Solutions Company- Amman - Jordan, Non-operating branch	200154145
Saudi Manpower Solutions Company- Al Nuzha - Jeddah	4030282567
Saudi Manpower Solutions Company- Jeddah – Al Steen	4030298444
Saudi Manpower Solutions Company- Jeddah – Al Nozha	4030365353

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

2. BASIS OF PREPARATION

Statement of compliance
These consolidated financial statements have been prepared for the Group 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").

2. 1 Basis of measurement
These financial statements have been prepared based on the historical cost convention, except for the employee's defined benefits obligation, which measured using the method of estimating the accrued amounts by unit, and the investment at fair value through profit or loss which measured at fair value.

2. 2 Presentation and functional currency
The consolidated financial statements are presented in Saudi Riyal ("SR") which is the functional currency and used in the preparation of the financial reports of the Group. It has been fully displayed amounts, unless otherwise indicated.

2. 3 Use of Judgments and Estimates
In preparing these consolidated financial statements, management had made judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Adjustments arising from accounting estimates in the year where estimates are amended and in the subsequent years affected by the amendment.

Uncertain assumptions and estimates
The information about the assumptions and estimates are uncertain with significant risks that lead to substantial changes in the year ended December 31, 2020 were included in the following disclosures:

Uncertain zakat positions
The Group current zakat provision relates to management's assessment of the amount of zakat payable on open zakat positions where the liabilities remain to be agreed with GAZT. Due to the uncertainty associated with zakat, there is a possibility that, on finalization of open zakat assessments at a future date, the final outcome may differ significantly. Note 19 describes the status of Zakat assessments.

Impairment of trade receivables
The Group uses a specific matrix to calculate the allowance of expected credit loss for trade receivables. Provision rates are based on the days since maturity for groups of different customer sectors that have similar loss patterns (i.e. depending on the type of customer or the coverage of collateral and other forms of credit insurance).

The allowance matrix is initially based on the default rates of the historical collections of the company and the calculation of the allowance reflects the weights of probabilities related to the results, the time value of the funds and the reasonable information at the reporting date on past events and future economic conditions. On the date of each financial report, default rates are updated and changes in future estimates are analyzed.

The relationship between the observed historical default rates, the expected economic conditions and the expected credit losses is a significant estimate. Expected credit losses are sensitive to changes in economic conditions and expectations. The company's historical credit loss experience and forecasts for economic conditions may also not reflect the actual stumbling of customers in the future. Note 7 disclosed the information about the expected credit losses on trade receivables.

2. BASIS OF PREPARATION (CONTINUED)

Basis of consolidation of consolidated financial statements
These consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2020 "the Group".

The Group performs a revaluation to determine whether it exercises control over the investee company or not, when the facts and circumstances indicate a change in the three control elements listed below. The consolidation of a subsidiary is initiated when the control of the subsidiary ceases to be transferred to the Group and is discontinued when the Group loses control. The assets, liabilities, income and expenses of the subsidiary acquired during the year are included in the consolidated financial statements from the date control is transferred to the Group until the Group ceases to exercise such control in the investee.

Control of the investee is realized when, and only when, the investing company has all the following:
- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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

- Any contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

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

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in 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 ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control of a subsidiary, it derecognises the assets (including goodwill), liabilities, non-controlling interest and other equity items, while the gain or loss is recognized in profit or loss. The remaining investment is recognized at fair value.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

2. BASIS OF PREPARATION (CONTINUED)

Basis of consolidation of consolidated financial statements (continued)

The consolidated financial statements reflect the financial position and results of operations of the Company and its subsidiaries listed below:

Company name	Ownership 2020	Ownership 2019	Legal entity	Region
Saudi Facilities Management Company	**100%**	100%	LLC	KSA
Saudi Medical Services Company	**100%**	100%	LLC	KSA
Esnad Building Cleaning Services Company*	**100%**	100%	LLC	UAE
Saudi Logistics Services Company	**100%**	-	LLC	KSA
Terhab For Customer Experience Company	**100%**	-	LLC	KSA
Romooz Altatweer Company	**100%**	-	LLC	KSA
Areeb For Human Resource Company	**100%**	-	LLC	KSA

* Esnad Building Cleaning Services Company has a subsidiary company, the details of which are as follows:

Company name	Ownership 2020	Ownership 2019	Legal entity	Region
Raha Al Manzil Domestic Workers Services Company	**100%**	100%	**LLC**	UAE

The following table shows the financial position and financial performance of the subsidiary companies as in:

Subsidiary company	As on December 31, 2020 Total assets	As on December 31, 2020 Total liabilities	As on December 31, 2019 SR Total assets	As on December 31, 2019 SR Total liabilities
Saudi Facilities Management Company	**23,512,761**	**20,341,250**	11,710,792	5,653,232
Saudi Medical Services Company	**18,847,627**	**14,313,281**	3,801,571	2,801,571
Esnad Building Cleaning Services Company (consolidated)	**7,656,415**	**7,554,415**	4,235,010	4,132,180
Saudi Logistics Services Company	**835,954**	-	-	-
Terhab For Customer Experience Company	**1,186,953**	**40,002**	-	-
Romooz Altatweer Company	**918,293**	-	-	-
Areeb For Human Resource Company	**971,808**	-	-	-

The following is the financial performance of the subsidiaries for the financial year ended:

Subsidiary company	As on December 31, 2020 SR Total revenue	As on December 31, 2020 SR Profit (loss) for the year	As on December 31, 2019 SR Total revenue	As on December 31, 2019 SR Profit (loss) for the year
Saudi Facilities Management Company	**47,856,698**	**(2,964,223)**	36,507,625	390,356
Saudi Medical Services Company	**35,963,013**	**3,568,111**	122,572	(8,459,774)
Esnad Building Cleaning Services Company (consolidated)	-	**(2,630,133)**	-	(62,319)
Saudi Logistics Services Company	-	**(164,046)**	-	-
Terhab For Customer Experience Company	**617,257**	**146,951**	-	-
Romooz Altatweer Company	-	**(81,707)**	-	-
Areeb For Human Resource Company	-	**(28,192)**	-	-

10

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

2. BASIS OF PREPARATION (CONTINUED)
Basis of consolidation of consolidated financial statements (continued)

Basis of consolidation of consolidated financial statements (continued)
The main activity of the subsidiary companies in the operation and maintenance of buildings and facilities, services of employment assistance, operating hospitals and medical centres, transporting passengers and goods within cities, mediating the employment of Saudis, systems analysis, software design and IT services, and providing call centre services.

Business Combination
The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the asset given or liabilities incurred or assumed at the date of acquisition, plus the amount of any non-controlling interests in the acquire. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill is tested annually for impairment and carried at cost, net of impairment losses, if any. Acquisition-related costs are expensed as incurred and included in administrative expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these consolidated financial statements for the year ended December 31, 2020 are the same as those applied by the Group in the consolidated financial statements for the year ended December 31, 2019, except for amendments to IFRS that became effective after January 1, 2020 :

- Revised Conceptual Framework for Financial Reporting.
- Amendments to IFRS 3 Business Combinations to clarify the definition of a business.
- Amendments to IFRS 7 Financial Instruments: Disclosures and IFRS 9 Financial Instruments regarding pre-replacement issues in the context of the IBOR reform.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding the definition of material.
- Amendments to IFRS 16 Leases provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

The Group's management believes that the new standards effective from 1 January 2020 do not have a material effect on Group's consolidated financial statements.

The significant accounting policies applied by the Group to prepare these consolidated financial statements are as follows:
Current versus non-current for assets and liabilities Classification
The Group presents assets and liabilities in the 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.
- Held primarily for the purpose of trading.
- Expected to be realised within 12 months after the reporting period,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

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, or
- 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 liabilities.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

The Group measures financial instruments, such as financial derivatives, at fair value at each statement of financial position date.

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

- In the 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 utilise 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: 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 recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign Currencies

Transactions and balances

Transactions in foreign currencies are initially recorded at the spot rate ruling at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item. The translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

Right-of-use assets

Leases are recognised as right-of-use assets along with their corresponding liabilities at the date of which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost.

The finance cost is recognized in the statement of profit or loss over the lease term. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs, if applicable.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. The lease payments are discounted using the interest rate implicit to the lease or the Group's incremental borrowing rate.

Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low value assets are items that do not meet the Group's capitalisation threshold and are considered to be insignificant for the statement of financial position for the Group as a whole. Payments for short-term leases and leases of low value assets are recognised on a straight-line basis in the statement of profit or loss.

Variable lease payments

Some leases contain variable payments that are linked to the usage/performance of the leased asset. Such payments are recognised in statement of profit or loss.

The Group as a lessor

Leases under which the Group does not transfer substantially all the risks and rewards of ownership are classified as operating leases. The initial direct costs incurred in negotiating and arranging the operating lease contract are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Possible rents are recognized when earned.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The initial cost includes the purchase price and any directly attributable cost of bringing the property and equipment to the operating site and ready for use.

Expenses incurred after the operation of property and equipment, such as repairs, maintenance and full refurbishment, are included in the statement of profit or loss and other comprehensive income in the period in which they are incurred. Where it is clearly shown that the expense has resulted in an increase in the future economic benefits expected to be obtained from the use of an asset and equipment to a higher extent than the originally defined benchmark, these expenses are capitalized as an additional cost to the property and equipment.

If significant and important parts of an item of property and equipment have different useful lives, they are accounted for as separate items (key components) of property and equipment.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (continued)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the items of property and equipment. During the year, the Group re-estimated the estimated useful life of the vehicles to become the estimated life of the main items of the assets as follows:

Item	Estimated life (years)
Buildings	30 Year
Central air conditioning equipment	10 Years
Leasehold improvements	20 Year (shorter of the lease term or useful life)
Furniture and fixtures	5 – 7 Years
Computer software and devices	5 Years (shorter of the license period or useful life)
Electrical equipment and ssignboards	5 – 7 Years
Vehicles	4 – 5 Year

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at the end of each reporting period with the effect of any changes in estimates being accounted for on a prospective basis.

Investment Properties

investment properties consist of completed properties and properties under construction or under redevelopment which it is acquired to achieve rental or capital development or both, rather than being used or sold during the normal business cycle and / or indefinite use. Assets acquired under a lease are classified as investment property when they qualify as investment property to be accounted for as a finance lease.

Investment properties are initially measured at cost, including transaction costs. Transaction costs include professional fees for legal services and rental fees required to make the property operational.
The carrying amount also includes the cost of replacing part of the current investment properties at the date of cost incurred if the recognition criteria are met.

After initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Investment property are derecognized when they are permanently disposed of or withdrawn from use and no future economic benefits are expected from their disposal. Gains or losses on disposal of investment property are determined and included in the consolidated statement of profit or loss for the period in which the recognition is discontinued.

The gain or loss on disposal of investment property is determined to include the difference between the net disposal proceeds of the investment property and the carrying amount of asset.

Transfers from investment properties are made only when there is a change in use. This is evidenced by the commencement of occupancy of the property by the owner or commencement of development for the purpose of sale. When the occupied property becomes a real estate investment, the Group accounts for the property in accordance with the property and equipment policy until the date of change in use.

Maintenance and repair expenses are charged to the consolidated statement of profit or loss as incurred. Improvements that increase the value of the asset or substantially extend its useful life are capitalized.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Project Under Progress

Projects under Progress are stated at cost and an allowance is made for any impairment in value, if any. Projects under construction are classified as property and equipment upon completion of these projects.

Impairment of Non-Financial Assets

The Group assesses at each reporting date 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. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets. Where 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. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit or loss in those expense categories consistent with the function of the impaired asset.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Such reversal is recognized in the statement of profit or loss.

Financial assets

Initial recognition and subsequent measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

The measurement of financial assets depends on their classification, as described below:

Financial assets at amortized cost

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.
The Group's financial assets at amortized cost includes short-term investments and trade receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

De-recognition financial assets
A financial asset is primarily derecognised when:
- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay, whichever is less.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash and cash equivalents
Cash and cash equivalents include cash on hand and with banks and other short-term highly liquid investments with original maturities of three-months or less from their purchase date.

Short term investments
Short-term investments represent Islamic Murabaha with local commercial banks that having a maturity of more than three months from the date of acquisition and expected to be realized within one year from the date of the reporting period.

Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Inventory
Inventory is valued at the lower of cost and net realizable value and the cost is determined using weighted average method.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Letter of Guarantee
The amount paid to secure the letters of guarantee is recognized in non-current assets in the statement of financial position. The letter of guarantee shall be closed upon redemption of the insurance amount or when the letter of guarantee is used by the other party.

Available and Visas in use

Purchased Visas
Purchased visas represent payments made to government authorities against issuance of visas for manpower and are recorded at cost.

Visas in use
Visas used in the recruitment are transferred from purchased visas and amortized in the statement of profit or loss on a straight-line basis over a period of two years or the duration of the contract whichever is shorter. The amount of the visas used is amortized in the income statement in case of termination of the contract or the existence of an impediment to the continuation of the service. The visas in use are classified as current and non-current assets.

Available Visas
The available visas represent the unused balance of visas purchased as at the date of the consolidated financial statements. The available visa amounts are transferred to the visas in use at the time of the visa stamping for recruited manpower at the embassies of the Kingdom of Saudi Arabia.
Available visas are classified as current assets.

Residential and work permits
Residential fees and work permits are amortized in the consolidated statement of profit or loss and other comprehensive income over one year in line with the validity of such permits, except of the residence fees and work permits for employment (new arrival), which are amortized over 15 months from the date of arrival.

Provisions
General
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retained Deposits
Retained deposits represent amounts collected in advance from customers and recruitment agencies as security deposit of employment contracts. These amounts are refunded at the end of the contract after deduction of amounts due to the Company or manpower from customers and recruitment agencies. Retained deposits are classified as current and non-current assets.

Employees' defined benefit obligation
The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Financial Liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge to cover the risks.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
Subsequent measurement
The subsequent measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on these liabilities are recognized in the statement of profit or loss.

Loans and borrowings
After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Derecognition of financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition
Revenue is mainly generated by providing the manpower services to the customers. The Group recognize the revenue based on the following sequence:

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the contract price to the performance obligations.
- Revenue recognized when performance obligations are satisfied.

Revenue is recognized when the performance obligation is satisfied and when the service is rendered to the customer. Performance obligation is the promise of service delivery to the customer. In the meeting of performance obligations, revenue is recorded at the fair value of the service provided and any amounts collected on behalf of any external parties and any price discounts are excluded from the service price.

If the customer service bill includes certain different services, the invoice price is distributed proportionately, and the revenue of the services is realized when the performance obligations are fulfilled, and the service is provided to the customer. The Group provides its services to customers directly and is not considered an agent for any third parties.

Unearned revenues
Unearned revenues (Deferred) represents amounts collected in advance from customers when signing the contracts for rendering manpower services. These amounts are recognized in statement of profit or loss when realized.

Expenses
All operating expenses are consistently allocated to the cost of revenue, selling and marketing expenses and general and administrative expenses using fixed distribution factors to be determined in proportion to the Group activities.

Zakat
The Group is subject to zakat in accordance with the Regulations of the General Authority of Zakat and Income Tax ("GAZT"), and the provision for zakat is charged to statement of profit or loss other comprehensive income at the date of the financial statement. Any differences in Zakat expense will be settled in the financial year during which approved in the final assessment, and any difference between Zakat and the final assessment is recognized in the statement of profit or loss.

Contingent events
Contingent liabilities are recognized in the financial statements only when the use of economic resources to settle an existing or expected legal obligation as a result of past events is probable and the amount expected to be repaid can be estimated substantially. Otherwise, contingent liabilities are disclosed unless the possibility of an economic loss is remote.

Contingent assets are not recognized in the consolidated financial statements but are disclosed when economic benefits arising from past events are probable.

Dividends
When the dividends is declared by the Board of Directors, it is recorded in the profit payable account and deducted from the retained earnings account.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

4. NEW AND REVISED IFRSs IN ISSUE BUT NOT YET EFFECTIVE AND NOT EARLY ADOPTED

The Group has not yet early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely
Amendments to IAS 1 Presentation of Financial Statements regarding the classification of liabilities.	1 January 2023
IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.	1 January 2023
Amendments IFRS 3 Business Combination updating a reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 Property, Plant and Equipment prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	1 January 2022
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets regarding the costs to include when assessing whether a contract is onerous	1 January 2022
Amendments to IFRS 4 Insurance Contracts, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IFRS 16 Leases regarding replacement issues in the context of the IBOR reform	1 January 2021
Annual Improvements to IFRS 2018 – 2020 Cycle amending IFRS 1, IFRS 9, IFRS 16 and IAS 41.	1 January 2022

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

5. CASH AND CASH EQUIVALENT

	2020	2019
	SR	SR
Cash at banks	54,677,777	40,468,597
Cash on hands	760,954	892,547
	55,438,731	41,361,144

6. SHORT TERM INVESTMENT

Short-term investments are Islamic Murabaha held in local high credit rates banks until maturity dates. The balance at December 31, 2020 amounted to SR 195 million (December 31, 2019: SR 70 million) due during 2021. Income earned during the year from Islamic Murabaha amounted to SR 1,267,789 (December 31, 2019: SR 1,759,069)

Includes an amount of SR 10 million (2019: SR 10 million) related to the company license issued by the Ministry of Ministry of Human Resources and Social Development (note 31).

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

7. TARDE RECEIVABLES

	2020 SR	2019 SR
Trade receivables	**276,221,773**	264,161,299
Less: Expected credit loss provision	**(32,012,028)**	(30,889,843)
	244,209,745	233,271,456

The Group is dealing with key customers (5 customers), whose outstanding balance as at December 31, 2020 amounted SR 122.7 Million and represent 44% of trade receivables (2019: SR 117.7 million, 45%).

The movement of expected credit loss provision as the following:

	2020 SR	2019 SR
Balance as of January 1	**30,889,843**	9,431,330
Additions	**1,122,185**	21,458,513
Balance as of December 31	**32,012,028**	30,889,843

The following are the aging of outstanding trade receivables that is not impaired:

	2020 SR	2019 SR
Neither past due nor impaired	**147,326,570**	156,765,757
From 0 – 60 days	**52,206,953**	64,649,271
From 61 – 120 days	**6,943,820**	3,134,305
From 121 – 150 days	**2,265,146**	4,075,157
More than 180 days	**35,467,256**	4,646,966
	244,209,745	233,271,456

8. INVENTORY

	2020 SR	2019 SR
Spare parts	**1,667,220**	1,030,829
Cleaning and hospitality materials	**75,501**	145,868
Uniforms	**-**	199,357
Others	**557,379**	154,680
	2,300,100	1,530,734

9. PREPAYMENTS AND OTHER DEBIT BALANCES

	2020 SR	2019 SR
Residence and work permit fees	**165,761,404**	192,693,898
Recruitment fees	**39,091,618**	86,925,771
Insurance and medical examination	**12,411,638**	21,925,988
Prepaid employees' benefits	**12,389,856**	5,551,408
Advances to suppliers	**12,354,893**	9,306,899
Bank letters of guarantee	**2,431,079**	-
Property insurance	**859,666**	801,624
Accrued revenues for Islamic Murabaha	**433,048**	829,774
Others	**1,188,405**	2,860,424
	246,921,607	320,895,786

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

10. RELATED PARTIES' BALANCES AND TRANSACTIONS

The related parties represent major shareholders, directors and top management personnel of the Group, the controlled entities or those subject to significant influence by these parties. The benefits paid to the senior management staff of the Group include salaries and non-cash benefits and contributions to the post-employment benefits plan.

The material transactions with related parties and the approximate amounts related thereto are as follows:

Related party	Nature of transaction	2020	2019
		SR	SR
Shareholder	Rent expense	-	70,000
Shareholder and board of directors' member	Rent expense	300,000	360,000
Salaries and rewards of the executive management	Salaries and Remuneration	15,831,000	26,000,000
Directors' remuneration	Remuneration	2,550,000	2,590,000

11. VISAS IN USE

The following is the movement of visas in use:

	2020	2019
	SR	SR
Balance as of January 1	40,316,830	49,268,869
Transfer from available visas (note 12)	10,232,000	43,204,000
Amortization during the year	(29,999,635)	(48,697,900)
charged to trade payables (recruitment agencies)	(3,326,543)	(3,458,139)
Balance as of December, 31	17,222,652	40,316,830
Less: Current portion	(5,400,590)	(9,230,247)
Non-current portion	11,822,062	31,086,583

12. AVAILABLE VISAS

The available visas represent unused visa balance up to the date of the financial statements. The available visa amounts are converted to visas in use at the time of the visa stamping at the embassies of the Kingdom of Saudi Arabia and the arrival of the manpower to the Kingdom of Saudi Arabia.

The following is the movement of available visas

	2020	2019
	SR	SR
Balance as of January 1	24,338,000	25,950,000
Purchased visas during the year, net	13,702,000	41,592,000
Transfer to visas in use (note 11)	(10,232,000)	(43,204,000)
Balance as of December 31	27,808,000	24,338,000

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

13. PROPERTY AND EQUIPMENT

	Lands	Buildings	Central air conditioning equipment	Leasehold improvem ents	Furniture and Fixtures	Computers software and devices	Electrical equipment and signboards	Vehicles	Total
	SR	SR	SR	SR	SR	SR	SR	SR	SR
Cost									
January 1, 2019	115,818,953	-	-	11,380,513	9,897,186	14,604,722	9,695,822	65,426,422	226,823,618
Additions	-	-	-	4,491,650	3,286,619	3,088,245	2,335,409	6,468,495	19,670,418
Transfer from projects under progress	-	-	-	78,093	-	-	-	-	78,093
Disposals	-	-	-	-	(19,590)	(227,132)	(11,564)	-	(258,286)
December 31, 2019	115,818,953	-	-	15,950,256	13,164,215	17,465,835	12,019,667	71,894,917	246,313,843
Additions	-	-	-	1,008,416	1,220,644	1,493,788	1,096,501	14,873,925	19,693,274
Transfer from projects under progress	-	39,144,921	4,173,086	1,205,372	-	6,144,491	1,818,440	-	52,486,310
Disposals	-	-	-	(2,258,531)	(1,360,606)	(46,146)	(1,248,396)	(108,652)	(5,022,331)
December 31, 2020	**115,818,953**	**39,144,921**	**4,173,086**	**15,905,513**	**13,024,253**	**25,057,968**	**13,686,212**	**86,660,190**	**313,471,096**
Accumulated Depreciation									
January 1, 2019	-	-	-	6,147,782	3,609,020	7,347,137	3,171,899	25,139,575	45,415,413
Charge for the year	-	-	-	2,733,486	1,628,681	2,547,951	1,619,913	12,700,244	21,230,275
Disposals	-	-	-	-	(6,601)	(64,308)	(4,803)	-	(75,712)
December 31, 2019	-	-	-	8,881,268	5,231,100	9,830,780	4,787,009	37,839,819	66,569,976
Charge for the year	-	-	-	3,112,344	1,846,866	2,738,559	1,835,950	14,621,228	24,154,947
Disposals	-	-	-	(1,450,878)	(1,021,326)	(4,107)	(971,335)	(108,686)	(3,556,332)
December 31, 2020	-	-	-	**10,542,734**	**6,056,640**	**12,565,232**	**5,651,624**	**52,352,361**	**87,168,591**
Net Book Value									
December 31, 2020	**115,818,953**	**39,144,921**	**4,173,086**	**5,362,779**	**6,967,613**	**12,492,736**	**8,034,588**	**34,307,829**	**226,302,505**
December 31, 2019	115,818,953	-	-	7,068,988	7,933,115	7,635,055	7,262,760	34,055,098	179,743,867

24

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

13. PROPERTY AND EQUIPMENT (CONTINUED)

The depreciation for the year ended December 31 is as follows:

	2020	2019
	SR	SR
Cost of revenue (Note 23)	**21,000,709**	18,073,041
General and administrative expenses (Note 24)	**2,695,580**	2,752,930
Selling and marketing expenses (Note 25)	**458,658**	404,304
	24,154,947	21,230,275

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The carrying amounts of the Group's Right-of-Use assets and lease liabilities and the movement during the year are as the following:

	Right-of-Use	Lease Liabilities
	SR	SR
As of 1 January, 2020	**44,712,020**	**35,940,388**
Additions during the year	**14,442,973**	**14,442,973**
Disposals during the year	**(5,848,394)**	**(6,233,770)**
Total	**53,306,599**	**44,149,591**
Amortization of Right-of-Use	**(18,627,628)**	-
Finance cost on lease liabilities	-	**1,482,058**
Payments	-	**(14,665,879)**
Discounts granted during the year	-	**(2,422,062)**
As of 31 December, 2020	**34,678,971**	**28,543,708**
Less: Current portion		**(11,827,096)**
None current portion		**16,716,612**

	Right-of-Use	Lease Liabilities
	SR	SR
As of 1 January, 2019	**47,731,332**	**39,087,933**
Additions during the year	**12,895,660**	**12,895,660**
Total	**60,626,992**	**51,983,593**
Amortization of Right-of-Use	**(15,914,972)**	-
Finance cost on lease liabilities	-	**1,552,586**
Payments	-	**(17,595,791)**
As of 31 December, 2019	**44,712,020**	**35,940,388**
Less: Current portion		**16,153,011**
None current portion		**19,787,377**

15. INVESTMENT PROPERTY

This item represents the value of commercial land owned by the Company for the purpose of investment in the Kingdom of Saudi Arabia. The historical cost was SR 26,906,000 as at December 31, 2020 (2019: SR 26,906,000).

The fair value of the investment property as at 31 December 2020 was SR 33,750,000 (2019: SR 31,500,000).The fair value of the properties is based on the valuation carried out by Riad Abdulaziz Saad Al Mousa and Abdul Rahman Abdullah Al-Mousa, They are independent valuers accredited by the Saudi Authority for Accredited Valuers with membership number 1210000599 and 121001115 respectively.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

16. PROJECT UNDER PROGRESS

The movement on projects under progress for the year ended as at December 31, 2020:

	January 1,2020	Additions	Transfer to Property and equipment	December 31,2020
	SR	SR	SR	SR
Head office tower	8,686,503	19,988,562	-	28,675,065
Accommodation Complex project – Phase 1	41,152,772	10,128,166	(51,280,938)	-
Accommodation Complex project – Phase 2	-	10,640,477	-	10,640,477
Leasehold improvement	1,097,392	1,745,775	(1,205,372)	1,637,795
Electronic software	200,000	2,620,500	-	2,820,500
Others	-	565,905	-	565,905
	51,136,667	45,689,385	(52,486,310)	44,339,742

The movement on projects under progress for the year ended as at December 31, 2019:

	January 1,2019	Additions	Transfer to Property and equipment	December 31,2019
	SR	SR	SR	SR
Head office tower	1,294,797	7,391,706	-	8,686,503
Accommodation Complex project	122,805	41,029,967	-	41,152,772
Leasehold improvement	78,093	1,097,392	(78,093)	1,097,392
Electronic software	200,000	-	-	200,000
	1,695,695	49,519,065	(78,093)	51,136,667

17. RETAINED DEPOSITS

	2020	2019
	SR	SR
Deposits from customers	105,145,286	113,915,864
Deposits from recruitment agencies	4,821,164	4,773,914
	109,966,450	118,689,778
Less: current portion	(45,557,415)	(32,185,647)
Non-current portion	64,409,035	86,504,131

18. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	2020	2019
	SR	SR
Accrued tickets and vacations	91,418,364	86,960,607
Accrued salaries and other benefits	64,732,584	74,294,397
Accrued value added tax	14,848,666	7,238,418
Others	12,251,141	9,119,317
	183,250,755	177,612,739

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

19. ZAKAT

Zakat expense are calculated on the basis of the adjusted net income or the Zakat base, whichever is higher, according to the regulations of the General Authority for Zakat and Tax in the Kingdom of Saudi Arabia. The zakat provision has been calculated in the current year on the basis of the Group's adjusted net income method. The movement in zakat provision is represented in the following:

	2020	2019
	SR	SR
Balance as of January 1	**9,314,649**	9,416,850
Zakat expense	**13,156,911**	10,150,000
Payments	**(10,647,843)**	(10,252,201)
Balance as of December 31	**11,823,717**	9,314,649

Zakat status for parent company

The Company submitted its Zakat returns for all years up to 2019, and the company received the final certificates for these years. In addition, the General Authority for Zakat and Tax issued a final assessment Until 2018. The company demanded payment of additional Zakat of SR 4 million in 2019 for the years (from 2013 until 2016). Also, additional Zakat payment of SR 3 million in 2020 for the years (2017-2018). The Zakat returns for the year 2019 is still under review by the General Authority of Zakat and Tax.

Zakat status for subsidiary – Saudi Facility Management Company

The Company submitted its Zakat returns for the year 2019 and received Zakat certificate for these years. And the company did not receive any final assessment till the date of the financial statements.

Zakat status for subsidiary – Saudi Medical Services Company

The Company submitted its Zakat returns for the years 2018 & 2019 and received Zakat certificate for this year. And the company did not receive any final assessment till the date of the financial statements.

20. EMPLOYEES' DEFINED BENEFIT OBLIGATION

The movement of employees' defined benefit obligation is as the following:

	2020	2019
	SR	SR
Balance as of January 1	**58,368,999**	49,688,334
Current service costs	**36,061,854**	24,578,670
Finance costs	**1,119,940**	1,656,625
Actuarial re-measurement charged to OCI	**1,173,021**	(1,996,716)
Transferred to projects under progress during the year	**82,457**	-
Transferred to labour receivables during the year	**729,723**	-
Paid during the year	**(24,804,457)**	(15,557,914)
Balance as of December 31	**72,731,537**	58,368,999

The sensitivity analysis for major actuarial assumptions are as follows:

	2020		2019	
	Employees	**Labour**	Employees	Labour
	%	%	%	%
Discount rate	**2.1**	**2.1**	2.1	2.4
Inflation rate	**4.6**	**4.6**	2	2
Expected salary increase rate	**2.1**	**2.1**	2.7	2.4
Retirement age / assumed exit	**8.5 year**	**4.6 year**	8.61 year	4 year

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

20. EMPLOYEES' DEFINED BENEFIT OBLIGATION (CONTINUED)

Sensitivity analyses of employee define benefits obligations have been prepared based on the manner in which the impact is based on the obligation of the defined benefits as a result of reasonable changes in the key assumptions occurring at the end of the financial year. Sensitivity analyses are based on the change in the fundamental assumption, assuming all other assumptions are consistent. Sensitivity analyses may not be indicative of the actual change in the defined benefits obligation and it is unlikely that changes in assumptions will occur in isolation.

	2020		2019	
	%	**SR**	%	SR
Discount rate				
Increase	**+1**	**67,790,251**	+1	55,434,734
Decrease	**-1**	**73,088,977**	-1	61,706,085
Expected salary increase rate				
Increase	**+1**	**72,468,939**	+1	55,136,388
Decrease	**-1**	**68,342,137**	-1	61,972,060

Risks related to employee defined benefit obligations:

Risks of increasing salaries:
The most common type of retirement benefit is the one in which benefits are linked to final salaries. Risks arise when actual increases are higher than expected and therefore affect the obligation.

Withdrawal risks:
Actual withdrawal risks that vary with valuation assumptions can pose risks to benefit obligations. The movement in commitment can be launched in both directions.

21.STATUTORY RESERVE

As required by the Saudi Arabia Regulations for Companies and bylaws of the company, the Company transfers 10% of its profit for the year to the statutory reserve until the reserve equals 30% of capital.

22.REVENUES

In the following table, revenue has been classified by segment type, as intra-group revenue is eliminated upon consolidation:

	2020	2019
	SR	SR
Sector		
Business	**1,369,811,277**	1,429,200,892
Individuals	**484,902,361**	528,891,620
Total	**1,854,713,638**	1,958,092,512

The Group follows the policy of revenue recognition over time; accordingly, all revenue is recognized over the period of the contract in which the services are rendered.

28

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

23.COST OF REVENUES

	2020	2019
	SR	SR
Salaries, wages and other benefits	**1,104,767,261**	1,195,813,780
Residence and work permit fees	**260,550,879**	208,095,722
Recruitment fees	**77,586,592**	74,067,332
Insurance and medical examination	**35,822,220**	29,229,265
Visas	**33,144,885**	48,697,899
Depreciation (Note 13)	**21,000,709**	18,073,041
Catering and transportation	**18,141,287**	16,732,229
Depreciation of Right-of-Use	**11,814,291**	11,155,926
Utilities	**9,816,222**	9,209,222
Maintenance and cleaning	**6,640,232**	1,549,439
Communication	**2,806,721**	3,129,066
Other	**9,510,356**	7,986,111
	1,591,601,655	1,623,739,032

24.GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
	SR	SR
Salaries, wages and other benefits	**38,056,476**	59,837,144
Professional fees and consultation	**4,217,139**	2,129,523
Depreciation of Right-of-Use	**3,793,115**	2,393,553
Depreciation (Note 13)	**2,695,580**	2,752,930
Licenses and subscriptions	**2,786,408**	2,381,822
Cleaning and maintenance	**803,802**	190,358
Communication	**806,888**	1,122,319
Stationery	**393,566**	429,377
Utilities	**237,017**	739,958
Others	**6,983,622**	6,140,983
	60,773,613	78,117,967

25.MARKETING EXPENSES

	2020	2019
	SR	SR
Salaries, wages and other benefits	**24,512,083**	26,882,851
Marketing and advertising	**11,524,741**	10,685,182
Bank charges	**3,566,065**	5,405,026
Commissions and incentives	**2,432,403**	8,131,521
Depreciation of Right-of-Use	**2,050,604**	2,374,353
Utilities	**1,299,727**	2,253,153
Cleaning and maintenance	**980,940**	1,379,250
Depreciation (Note 13)	**458,658**	404,304
Communication	**350,382**	286,781
Others	**915,881**	413,544
	48,091,484	58,215,965

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

26.FINANCE COST ON LEASE LIABIALITY AND EMPLOYEE DEFINED BENEFIT OBLIGATION

	2020	2019
	SR	SR
Finance cost on lease liabilities	**1,513,999**	1,552,586
Finance cost on employees' defined benefit obligation	**1,119,940**	1,656,625
	2,633,939	3,209,211

27.OTHER INCOME (EXPENSES), NET

	2020	2019
	SR	SR
Islamic Murabaha revenues	**1,267,789**	1,759,069
Human Resources Development Fund	**498,169**	61,333
(Losses) Gain from revaluation of investment at fair value through profit or loss	**(17,294)**	224,825
(Losses) Gains on sale of property and equipment	**(1,344,960)**	5,360
Others	**299,823**	695,764
	703,527	2,746,351

28.EARNINGS PER SHARE

Basic earnings per share is calculated from operating and profit for the year by dividing operating income and profit for the year by the weighted average number of outstanding shares amounting to 40 million shares retroactively.

29.FAIR VALUE MEASUREMENT

Fair value is the amount that will be received against an asset or a liability to convert a liability under a systematic transaction between the market participants on the measurement date. Within the definition of fair value, it is assumed that the Group will continue to operate as there is no intention or requirement to substantially reduce the volume of its operations or to conduct a transaction on adverse terms.

A financial instrument is included in an active market if the quoted prices are readily and regularly available from a cash dealer, an industry group broker, a pricing service or a regulatory body, and these prices represent actual and regular market transactions on a commercial basis.

When measuring fair value, the Group uses observable market information whenever possible. Fair values are classified at different levels in the fair value hierarchy based on the inputs used in valuation methods as follows:

- Level 1: quoted prices (unadjusted) in active markets for similar assets and liabilities can be obtained at the measurement date.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for assets or liabilities directly (eg. prices) or indirectly (derived from prices).
- Level 3: inputs for assets and liabilities not based on observable market information (unobservable inputs).

All financial assets and financial liabilities of the Group are not measured at fair value and are measured at amortized cost, except the investment at fair value through profit or loss which is measured at fair value on level 1.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

30.RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

Credit Risk:
Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its contract assets, trade receivables, bank balances, investments and available visa as follows:

	2020	2019
	SR	SR
Cash at banks	**54,677,777**	40,468,597
Trade receivables	**244,209,745**	233,271,456
Short term investment	**195,000,000**	70,000,000
Investment at fair value through profit or loss	**2,421,195**	2,438,489
Available visa	**27,808,000**	24,338,000
	524,116,717	370,516,542

The carrying amount of financial assets represents the maximum credit exposure.

The Group seeks to limit its credit risk with respect to contract assets and trade receivables by setting credit limits for individual customers and by monitoring outstanding balances on an ongoing basis. The receivable balances are monitored with the result that the Group's exposure to bad debts is not significant the five largest customers account approximately for 44% of outstanding contract assets and trade receivables at 31 December 2020 (2019: 45%).

Bank balances are held with banks with a high credit rating.

31

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

30. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk:
Liquidity risk is the risk that an enterprise 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 at an amount close to its fair value. Following are the contractual maturities at the end of the reporting period of financial liabilities.

December 31, 2020

	Carrying amount	**Less than 1 year**	**More than 1 year and less than 5 years**
	SR	**SR**	**SR**
Financial Liabilities			
Retained deposits	**109,966,450**	**45,557,415**	**64,409,035**
Unearned revenue	**91,744,152**	**91,744,152**	**-**
Trade payables	**27,508,966**	**27,508,966**	**-**
Accrued expenses and other credit balances	**183,250,755**	**183,250,755**	**-**
	412,470,323	**348,061,288**	**64,409,035**

December 31, 2019

	Carrying amount	Less than 1 year	More than 1 year and less than 5 years
	SR	SR	SR
Financial Liabilities			
Retained deposits	118,689,778	32,185,647	86,504,131
Unearned revenue	82,804,908	82,804,908	-
Trade payables	17,803,926	17,803,926	-
Accrued expenses and other credit balances	177,612,739	177,612,739	-
	396,911,351	310,407,220	86,504,131

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and credit facilities are available to meet the Group's future commitments.

Market Risk:
Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, and will affect the Group's profit 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 financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that's not the Group's currency. The Group exposure to foreign currency risk is primarily limited to transactions in United State Dollars ("USD"). The Group's management believes that their exposure to currency risk associated with USD is limited as the Company's currency is pegged to USD. The fluctuation in exchange rates against other currencies is monitored on a continuous basis.

Interest rate risk arises from the volatility of the fair value or future cash flows of a financial instrument due to changes in market rates. Currently the Group's is not exposed the significant interest rate risk on its assets and liabilities.

32

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2020

31.CONTINGENT LIABILITIES

Guarantees
At 31 December 2020, the Company had a guarantee of SR 10 million (2019: SR 10 million) which is related to the company license issued by the Ministry of Human Resources and Social Development (Note 6).

Capital commitments
The company has a capital commitment of SR 37.9 million as of December 31, 2020 (2019: SR 53 million) for projects under construction.

Legal claims
The Group faces legal proceedings during the regular business cycle, which are defended. While the results of these claims cannot be determined with certainty. Management does not expect a material adverse impact on the Group's consolidated financial statements.

32.DIVIDENDS PAID

The General Assembly of shareholders approved in the meetings held on June 22, 2020 and on November 15, 2020 to distribute a dividend of 25% of the share capital before increase, with a distribution amounting to SR 30,000,000 and 45,000,000 respectively (2019: SR 25,000,000).

33.REMUNERATION OF BOARD OF DIRECTORS

The remuneration of the Board of Directors for the year ended December 31 amounted to SR 2,550,000 (2019: SR 2,590,000).

34.APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Board of Directors on Shaaban 22, 1442 AH, corresponding to April 04, 2021 AD.

SAUDI MANPOWER SOLUTIONS COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

SAUDI MANPOWER SOLUTIONS COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

bakertilly

BAKER TILLY MKM & CO.
CERTIFIED PUBLIC ACCOUNTANTS
P.O.Box 300467 , Riyadh 11372
Kingdom of Saudi Arabia
T: +966 11 835 1600
F: +966 11 835 1601

Independent Auditor's Report

To the Shareholders
Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)
Riyadh – Kingdom of Saudi Arabia

Opinion

We have audited the consolidated financial statements of Saudi Manpower Solutions Company (the "Company"), and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") 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 ("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 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 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 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 IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and Regulations for Companies and the Company's Bylaws 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 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 Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

Mixed professional partnership | Head Office – Riyadh | Kingdom of Saudi Arabia | License 323/11/479 | 9/9/1433H | CR 1010428101.
Email: saudi@bakertillyjfc.com | Website: www.bakertillymkm.com
Baker Tilly MKM & Co. Certified Public Accountants trading as Baker Tilly is an independent member of the global network of Baker Tilly International.

Independent Auditor's Report (continued)

To the Shareholders - Saudi Manpower Solutions Company

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements** (Continued)*

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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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, 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.

Baker Tilly MKM & Co. CPA

بيكر تيلي
م ك م وشركاه
محاسبون قانونيون
C P A
BAKER TILLY
M K M & CO.

Majed Moneer Al Nemer
(Certified Accountant: License No. 381)
Riyadh on Rajb 14, 1443. H
Corresponding February 15, 2022 G

2

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Consolidated Statement of Financial Position
As at December 31, 2021
(Expressed in Saudi Riyals)

	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	5	107,683,905	55,438,731
Time Murabha deposits – current portion	6	90,000,000	185,000,000
Investment at fair value through profit or loss		2,564,597	2,421,195
Trade receivables	7	230,042,267	244,209,745
Inventory	8	-	2,300,100
Prepayments and other debit balances	9	266,138,968	246,921,607
Visas in use - Current portion	11	17,807,695	5,400,590
Available visas	12	27,776,000	27,808,000
Due from related parties	10	24,072,242	-
Total current assets		766,085,674	769,499,968
Non-current assets			
Property and equipment	13	151,849,758	226,302,505
Right-of-use assets	14	40,184,948	34,678,971
Investment property	15	-	26,906,000
Projects under progress	16	15,013,662	44,339,742
Time Murabha deposits	6	10,000,000	10,000,000
Visas in use	11	8,636,992	11,822,062
Total non-current assets		225,685,360	354,049,280
TOTAL ASSETS		991,771,034	1,123,549,248
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Retained deposits - current portion	17	49,248,062	45,557,415
Unearned revenues		72,280,039	91,744,152
Trade payables		8,060,290	27,508,966
Accrued expenses and other credit balances	18	166,988,260	183,250,755
Due to related parties	10	27,766,409	-
Lease liabilities - current portion	14	12,892,061	11,827,096
Zakat provision	19	9,103,462	11,823,717
Total current liabilities		346,338,583	371,712,101
Non-current labilities			
Employees' defined benefit obligation	20	75,805,198	72,731,537
Lease liabilities	14	23,689,973	16,716,612
Retained deposits – non current portion	17	60,151,063	64,409,035
Total non-current liabilities		159,646,234	153,857,184
TOTAL LIABILITIES		505,984,817	525,569,285
Equity			
Share capital	1	400,000,000	400,000,000
Statutory reserve	21	77,129,082	62,083,613
Retained earnings		8,657,135	135,896,350
Total equity		485,786,217	597,979,963
TOTAL LIABILITIES AND EQUITY		991,771,034	1,123,549,248

The accompanying notes form an integral part of these consolidated financial statements

3

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended December 31, 2021
(Expressed in Saudi Riyals)

	Notes	2021	2020 (Note 1)
Revenues	22	1,715,761,176	1,817,394,503
Cost of revenues		(1,449,700,120)	(1,564,299,557)
Gross profit		266,061,056	253,094,946
General and administrative expenses	23	(61,330,386)	(53,796,422)
Marketing expenses	24	(48,432,235)	(46,968,871)
Expected credit loss on trade receivables	7	(4,000,000)	-
Operating profit		152,298,435	152,329,653
Finance Cost on employees' defined benefits obligation and leases	25	(2,386,047)	(2,481,684)
Other income, Net	26	8,426,335	532,741
Profit before zakat		158,338,723	150,380,710
Zakat	19	(7,884,034)	(13,012,464)
Profit for the year from continuous operations		150,454,689	137,368,246
Profit for the year from discontinuous operations	1	-	669,132
Profit for the year		150,454,689	138,037,378
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement gain (losses) on employees' defined benefits obligation	20	63,384	(1,173,021)
Other comprehensive (loss) from continuous operations		63,384	(1,217,429)
Other comprehensive income form discontinuous operations		-	44,408
Total comprehensive income for the year		150,518,073	136,864,357
Earnings per share	27		
Operating profit		3.81	3.81
Profit for the year from continuous operations		3.76	3.43

The accompanying notes form an integral part of these consolidated financial statements

4

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Consolidated Statement of Changes in Equity
For the year ended December 31, 2021
(Expressed in Saudi Riyals)

	Notes	Share capital	Statutory reserve	Retained earnings	Total equity
As at January 1, 2020		300,000,000	48,279,875	187,835,731	536,115,606
Profit for the year		-	-	138,037,378	138,037,378
Other comprehensive loss for the year		-	-	(1,173,021)	(1,173,021)
Transfer to statutory reserve	21	-	13,803,738	(13,803,738)	-
Cash capital increase		100,000,000	-	(100,000,000)	-
Share dividends	1	-	-	(75,000,000)	(75,000,000)
As at December 31, 2020		400,000,000	62,083,613	135,896,350	597,979,963
As at January 1, 2021		400,000,000	62,083,613	135,896,350	597,979,963
Profit for the year		-	-	**150,454,689**	**150,454,689**
Other comprehensive income for the year		-	-	**63,384**	**63,384**
Transfer to statutory reserve	21	-	**15,045,469**	**(15,045,469)**	-
Cash dividends	1	-	-	**(262,711,819)**	**(262,711,819)**
As at December 31, 2021		**400,000,000**	**77,129,082**	**8,657,135**	**485,786,217**

The accompanying notes form an integral part of these consolidated financial statements

5

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Consolidated Statement of Cash Flows
For the year ended December 31, 2021
(Expressed in Saudi Riyals)

	2021	2020
OPERATING ACTIVITIES:		
Profit for the year	150,454,689	138,037,378
Adjustments:		
Expected credit loss on trade receivable	4,000,000	1,122,185
Amortization of visas in use	20,098,965	33,144,885
Depreciations and amortizations	37,652,313	42,782,575
Zakat provision for the year	7,884,034	13,156,911
(Gains) losses from disposal of property and equipment	(6,877,808)	1,344,960
Leases adjustment	54,844	(2,839,379)
Current Cost of employees' defined benefit obligation	28,019,410	36,061,854
Interest cost on employees' defined benefit obligation	1,276,790	1,119,940
Interest cost on lease liabilities	1,109,257	1,513,999
Revaluation of Shares' investments at fair value through profit or loss	(69,902)	17,294
Changes in working capital:		
Trade receivables	(9,739,630)	(12,060,474)
Inventory	-	(769,366)
Prepayments and other debit balances	(22,440,699)	74,786,359
Due from / to related parties	18,875,673	-
Available visas	(29,860,000)	(13,702,000)
Retained deposits	1,924,232	(8,723,328)
Unearned revenue	(19,464,113)	8,939,244
Trade payables	(15,021,205)	9,886,333
Accrued expenses and other credit balances	(10,985,530)	5,638,016
Cash from operations	156,891,320	329,457,386
Employees' defined benefit obligation paid	(23,992,052)	(24,804,457)
Zakat paid	(10,430,325)	(10,647,843)
Net cash from operating activities	122,468,943	294,005,086
INVESTING ACTIVITIES:		
Time murabha deposit	95,000,000	(125,000,000)
Investment at fair value through profit or loss	(73,500)	-
Purchases of property and equipment	(6,617,651)	(19,693,274)
Proceeds from sale of property and equipment	18,893,973	121,039
Additions to projects under progress	(4,165,686)	(45,689,385)
Disposed cash and cash equivalent for subsidiaries	(9,020,570)	-
Net cash from (used in) investing activities	94,016,566	(190,261,620)
FINANCING ACTIVITIES:		
Cash dividends	(150,216,060)	(75,000,000)
Lease liabilities paid	(14,024,275)	(14,665,879)
Net cash used in financing activities	(164,240,335)	(89,665,879)
Net change in cash and cash equivalents	52,245,174	14,077,587
Cash and cash equivalents at January 1	55,438,731	41,361,144
Cash and cash equivalents at December 31	107,683,905	55,438,731
Non-cash transactions:		
Transfer from available visas to Visas in use (Note 11/12)	29,892,000	10,232,000
Visas charged to trade payables balances (Note 11)	571,000	181,293
Transfer from project under progress to property and equipment (Note 13,16)	4,250,796	52,486,310
Transfer from employees' defined benefits obligations to the holding company	1,503,777	-
Additions to the leases (Note 14)	27,550,691	14,442,973
Disposals of leases (Note 14)	2,717,024	5,848,394
Transfer from projects under progress	4,743,169	-
Net transferred assets (note 1)	112,495,759	-

The accompanying notes form an integral part of these consolidated financial statement

6

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements
For the year ended December 31, 2021

1. INCORPORATION AND ACTIVITIES:

Saudi Manpower Solutions Company (the "Company") is a Saudi closed joint stock company registered in Kingdom of Saudi Arabia, under Commercial Registration No. 1010331000, dated in Rabie Al Thani 12, 1433 H (corresponding to March 5, 2012). The Company's headquarters is located in Riyadh, PO Box 91279 Riyadh 11633. The company's share capital as of December 31, 2020 and 2021 consists of 40,000,000 shares, at SR 10 per share.

The Company is operating in the mediate recruitment and providing manpower services. Employees who provide direct services to the Company's clients through secondment are referred to as manpower for the purposes of these consolidated financial statements.

The accompanying consolidated financial statements include the activities of the Company and its branches listed below, which operate under the following commercial registers:

Branch	Commercial registration
Saudi Manpower Solutions Company- Riyadh – Head quarter - Main	1010331000
Saudi Manpower Solutions Company- Riyadh – Head quarter - Branch	1010370621
Saudi Manpower Solutions Company- Riyadh – Head quarter - Branch	1010370627
Saudi Manpower Solutions Company- Riyadh – Head quarter – Branch	1010374728
Saudi Manpower Solutions Company- Riyadh	1010434966
Saudi Manpower Solutions Company- Al Muruj - Riyadh	1010612745
Saudi Manpower Solutions Company- Al Ross - Riyadh	1132011182
Saudi Manpower Solutions Company- Al Jubail Industrial	2055020287
Saudi Manpower Solutions Company- Al Kharj - Al Kharj	1011024362
Saudi Manpower Solutions Company- Buraydah – Al Qassem	1131055684
Saudi Manpower Solutions Company- Al Mubarraz - Al Ihsaa	2252061445
Saudi Manpower Solutions Company- Al Dammam	2050105591
Saudi Manpower Solutions Company- Al Jouf – Skaka	3400019300
Saudi Manpower Solutions Company- Al Baha	5800021378
Saudi Manpower Solutions Company- Tabouk	3550036348
Saudi Manpower Solutions Company- Al Taif	4032051573
Saudi Manpower Solutions Company- Abha	5850068558
Saudi Manpower Solutions Company- Al Madina Al Monawara	4650078632
Saudi Manpower Solutions Company- Makkah	4031100018
Saudi Manpower Solutions Company- Amman - Jordan, Non-operating branch	200154145
Saudi Manpower Solutions Company- Al Nuzha - Jeddah	4030282567
Saudi Manpower Solutions Company- Jeddah – Al Steen	4030298444
Saudi Manpower Solutions Company- Jeddah – Al Nozha	4030365353

Discontinuous operations:

In January 5, 2021, the company' board of directors have resolved to establish a holding company and transferring the assets and the investment in the subsidiaries to the holding company for the purpose of complying with the requirements of practicing the recruitment activity and providing the manpower services, which restrict the company to practice any activities other than licensed activities. Based on the unordinary general assembly's meeting, held in December 19, 2021, which resolved to authorize the board of directors to complete the restructuring process through transferring the property assets, the subsidiaries and the shareholders' shares to the Integrated Solutions Holding Company (Holding), under legal agreements held in December 31, 2021, necessary regulatory procedures have not been finished yet until the financial statements' date.

Details of the transferring process are as follows:

- First stage (Para A) : transferring property assets from the company to the holding company
- Second stage (Para A)transferring the subsidiaries from the company to the holding company
- Third stage (Para B): transferring the company's shareholders shares to the holding company

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

1. INCORPORATION AND ACTIVITIES (continued):
Discontinuous operations (continued):

A) The company has held agreements to transfer the real estate assets and its subsidiaries to the holding company as same their book value commencing January 1, 2021, the company and the transferred assets are under joint control as shareholders own similar shares in the holding company. The below table shows the details of the transferred assets and liabilities as at the transaction's date:

	January 1, 2021 (Saudi Riyal)
First stage:	
Projects under progress – head office building	28,675,065
Property and equipment – land of the head office building	47,143,594
Investment property – Garnada land	26,906,000
Second stage:	
Cash and cash equivalent	9,020,570
Trade receivables, net	19,907,108
Prepayments and other debit balances	3,223,338
Inventory	2,300,100
Due from related parties	1,265,711
Property and equipment – Net	2,593,991
Projects under progress	565,905
Right of use assets	5,242,821
Retained deposits	(2,491,557)
Trade payable	(3,856,471)
Accrued expenses and other credit balances	(5,276,965)
Due to related parties	(17,950,994)
Leases liabilities	(3,935,167)
Employees' defined benefits obligation	(663,326)
Zakat provision	(173,964)
Net book value of the transferred assets and liabilities	112,495,759
Compensated as follows:	
Retained earnings	112,495,759
Net transferred assets	112,495,759

Comparative figures for the outcomes of the discontinued businesses of the subsidiaries have been represented in an independent item in the consolidated statement of profit or loss and other comprehensive income to conform the current overall presentation as stated below:

	2020	Reclassification	Impact of disposal subsidiaries' discontinued transactions	2020
	SR	SR	SR	SR
Revenues	1,854,713,638	(84,286,534)	46,967,399	1,817,394,503
Cost of revenues	(1,591,601,655)	71,611,402	(44,309,304)	(1,564,299,557)
General and administrative expenses	(60,773,613)	8,150,963	(1,173,772)	(53,796,422)
Marketing expenses	(48,091,484)	2,606,936	(1,484,323)	(46,968,871)
Expected credit losses	(1,122,185)	1,122,185	-	-
Fiancé costs	(2,633,939)	152,255	-	(2,481,684)
Other revenues, net	703,527	(170,786)	-	532,741
Zakat	(13,156,911)	144,447	-	(13,012,464)
Losses of Re-measurement for employees' defined benefits obligations -OCI	(1,173,021)	(44,408)	-	(1,217,429)
Profit of the year from discontinued operations	-	713,540	-	713,540
Total comprehensive income for the year	136,864,357	-	-	136,864,357

8

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

1. INCORPORATION AND ACTIVITIES (continued):
Discontinuous operations (continued):

B) The company's shareholders have made an agreement to transfer all their shares in the company to the holding company as same shares' book value, the agreement included transferring all equities and liabilities associated to the shares and their economic interests commencing to January 1, 2021, but excluded the right to receipt all paid profit in cash to the shareholders during the year, which amounted to SR. 125,000,000.

Dividends:
The shareholders' general assembly held during the year have approved to distribute dividends, the total year's dividends amounted to SR. 262,711,819 (2020: SR. 75,000,000).

2. BASIS OF PREPARATION

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

2. 1 Basis of measurement
These consolidated financial statements have been prepared based on the historical cost convention, except for the employee's defined benefits obligation, which measured at the present value of the future liabilities using the expected credit unit and the investment at fair value through profit or loss which measured at fair value.

2. 2 Presentation and functional currency
The consolidated financial statements are presented in Saudi Riyal ("SR") which is the presentation and functional currency, used in the preparation of the financial reports of the Group. It has been fully displayed amounts, unless otherwise indicated.

2. 3 Use of Judgments and Estimates
In preparing these consolidated financial statements, management had made judgments, estimates and assumptions that affect the application of the group's accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Adjustments arising from accounting estimates are included in the year where estimates are amended and in the subsequent years affected by the amendment.

Uncertain assumptions and estimates
The information about the uncertain assumptions and estimates with significant risks that lead to substantial changes in the year ended December 31, 2021 were included in the following disclosures:

Uncertain zakat positions
The Group current zakat provision relates to management's assessment of the amount of zakat payable on open zakat positions where the liabilities remain to be agreed with the Zakat, Tax and Customs Authority ("ZATCA"). Due to the uncertainty associated with these zakat items, there is a possibility that the final outcome upon the issuance of the final assessment by ZATCA may differ in the future periods. The zakat assessments status was disclosed note 19.

Impairment of trade receivables
The Group uses a specific matrix to calculate the allowance of expected credit loss for trade receivables. Provision rates are based on the days since maturity for groups of different customer sectors that have similar loss patterns (i.e. depending on the type of customer or the coverage of collateral and other forms of credit insurance).

The allowance matrix is initially based on the default rates of the historical collections of the company and the calculation of the allowance reflects the weights of probabilities related to the results, the time value of the funds and the reasonable information at the reporting date on past events and future economic conditions. On the date of each financial report, default rates are updated and changes in future estimates are analysed.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

2. BASIS OF PREPARATION (continued):

Impairment of trade receivables (continued)

The relationship between the observed historical default rates, the expected economic conditions and the expected credit losses is a significant estimate. Expected credit losses are sensitive to changes in economic conditions and expectations. The company's historical credit loss experience and its forecasts for economic conditions may also not reflect the actual stumbling of customers in the future. Note 7 disclosed the information about the expected credit losses on trade receivables.

Basis of consolidation of consolidated financial statements

These consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2021, (collectively referred to "the Group").

The Group performs a revaluation to determine whether it exercises control over the investee company or not, when the facts and circumstances indicate a change in the three control elements listed below. The consolidation of a subsidiary is initiated when the control of the subsidiary ceases to be transferred to the Group and is discontinued when the Group loses control. The assets, liabilities, income and expenses of the subsidiary acquired during the year are included in the consolidated financial statements from the date of transferring the control to the Group until the Group ceases to exercise such control in the investee.

Control of the investee is realized when, and only when, the investing company has all the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure to risks or has rights in variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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

- Contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

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

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the shareholders of the Company and the non-controlling interests, even if this will lead to deficit in the non-controlling interests balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between companies of the Group are eliminated in full on consolidation.

Any change in the ownership share of subsidiary does not lead to loss the control is counted as an equity.

If the Group loses control of a subsidiary, it derecognises the assets (including goodwill), liabilities, non-controlling interest and other equity items, while the gain or loss is recognized in profit or loss. The remaining investment is recognized at fair value.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

2. BASIS OF PREPARATION (continued)

Basis of consolidation of consolidated financial statements (continued)

The consolidated financial statements reflect the financial position and results of operations of the Company and its subsidiaries listed below:

Company name	Ownership 2021	Ownership 2020	Legal entity	Region
Saudi Logistics Services Company	**100%**	100%	LLC	KSA
Areeb For Human Resource Company	**100%**	100%	LLC	KSA
Esnad Building Cleaning Services Company*	**100%**	100%	LLC	UAE
Saudi Facilities Management Company	-	100%	LLC	KSA
Saudi Medical Services Company	-	100%	LLC	KSA
Terhab For Customer Experience Company	-	100%	LLC	KSA
Romooz Altatweer Company	-	100%	LLC	KSA

* As disclosed in note (1)

* Esnad Building Cleaning Services Company has a subsidiary company, the details of which are as follows:

Company name	Ownership 2021	Ownership 2020	Legal entity	Region
Raha Al Manzil Domestic Workers Services Company	**100%**	100%	LLC	UAE

The following table shows the financial position for the subsidiary companies as follows:

Subsidiary company	As on December 31, 2021 SR Total assets	As on December 31, 2021 SR Total liabilities	As on December 31, 2020 SR Total assets	As on December 31, 2020 SR Total liabilities
Saudi Logistics Services Company	**6,132,014**	**5,159,064**	835,954	-
Areeb For Human Resource Company	**1,147,650**	**784,480**	971,808	-
Esnad Building Cleaning Services Company (consolidated)	**11,338,671**	**11,236,671**	7,656,415	7,554,415
Saudi Facilities Management Company	-	-	23,512,761	20,341,250
Saudi Medical Services Company	-	-	18,847,627	14,313,281
Terhab For Customer Experience Company	-	-	1,186,953	40,002
Romooz Altatweer Company	-	-	918,293	-

The following is the financial performance of the subsidiaries for the financial year ended:

Subsidiary company	As on December 31, 2021 SR Total revenue	As on December 31, 2021 SR Profit (loss) for the year	As on December 31, 2020 SR Total revenue	As on December 31, 2020 SR Profit (loss) for the year
Saudi Logistics Services Company	**7,390,300**	**136,996**	-	(164,046)
Areeb For Human Resource Company	-	**(608,638)**	-	(28,192)
Esnad Building Cleaning Services Company (consolidated)	**7,328,737**	**(4,048,030)**	-	(2,630,133)
Saudi Facilities Management Company	-	-	47,856,698	(2,964,223)
Saudi Medical Services Company	-	-	35,963,013	3,568,111
Terhab For Customer Experience Company	-	-	617,257	146,951
Romooz Altatweer Company	-	-	-	(81,707)

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

2. BASIS OF PREPARATION (continued)
Basis of consolidation of consolidated financial statements (continued)

Basis of consolidation of consolidated financial statements (continued)
The main activity of the subsidiary companies in the services of employment assistance, operating transporting passengers and goods within cities, mediating the employment of Saudis.

Business Combination
The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the total of transferred amount, which is measured at the fair value of the asset given or realized liabilities or assumed at the date of acquisition, plus the amount of any non-controlling interests in the acquired company. The excess of the cost of acquisition over the fair value of the Group's share of the net assets acquired is recorded as goodwill. Goodwill is tested annually for impairment and carried at cost, net of impairment losses, if any. Acquisition-related costs are expensed as incurred and included in administrative expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these consolidated financial statements for the year ended December 31, 2021 are the same as those applied by the Group in the consolidated financial statements for the year ended December 31, 2020.

The significant accounting policies applied by the Group to prepare these consolidated financial statements are as follows:
Current versus non-current for assets and liabilities Classification
The Group presents assets and liabilities in the 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.
- Held primarily for the purpose of trading.
- Expected to be realised within 12 months after the reporting period,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.
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 expected be settled within 12 months after the reporting period, or
- 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 liabilities.

Fair value measurement
The Group measures financial instruments, such as financial derivatives, at fair value at each statement of financial position date.

Fair value is the price that would be received upon selling or repaying an asset when settling the liabilities between two parties in an orderly transaction, which is being processed based on commercial basis at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for those assets or liabilities; or
- In the absence of a principal market, in the most advantageous market for the assets or liabilities.

The principal or the most advantageous market must be accessible by the Group.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

The fair value of the assets or liabilities is measured using the assumptions that market participants would use when pricing the assets or liabilities, assuming that market participants act in their economic best interests.

A fair value measurement of a non-financial assets 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 participants that would utilise the asset in its highest and best use.

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

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

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: 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 directly or indirectly unobservable.

For assets and liabilities that are recognised 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 categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Foreign Currencies

Transactions and balances

Transactions in foreign currencies are initially recorded at the spot rate ruling of the functional currency at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the spot rate of exchange ruling at the date of preparing the consolidated financial statements. Differences arising on settlement or transactions of monetary items are recognised in profit or loss.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control over an identified asset or assets for a period of time in exchange for consideration.

Company as a lessee

Right-of-use assets

Leases are recognised as right-of-use assets along with their corresponding liabilities at the date of which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost.

The finance cost is recognized in the consolidated statement of profit or loss over the lease term. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs, if applicable.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease terms reflect the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. The lease payments are discounted using the interest rate implicated to the lease or the Group's incremental borrowing rate.

Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low value assets are items that do not meet the Group's capitalisation threshold and are considered to be insignificant for the statement of financial position for the Group as a whole. Payments for short-term leases and leases of low value assets are recognised on a straight-line basis in the consolidated statement of profit or loss.

Variable lease payments

Some leases contain variable payments that are linked to the usage/performance of the leased asset. Such payments are recognised in the consolidated statement of profit or loss.

The Group as a lessor

Leases under which the Group does not transfer substantially all the risks and rewards of ownership are classified as operating leases. The initial direct costs incurred in negotiating and arranging the operating lease contract are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Possible rents are recognized when earned.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The initial cost includes the purchase price and any directly attributable cost of bringing the property and equipment to the operating site and ready for use.

Expenses incurred after the operation of property and equipment, such as repairs, maintenance and full refurbishment, are included in the statement of profit or loss and other comprehensive income in the period in which they are incurred. Where it is clearly shown that the expense has resulted in an increase in the future economic benefits expected to be obtained from the use of an asset and equipment to a higher extent than the originally defined benchmark, these expenses are capitalized as an additional cost to the property and equipment.

If significant and important parts of an item of property and equipment have different useful lives, they are accounted for as separate items (key components) of property and equipment.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (continued)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the items of property and equipment. The estimated useful live for the key components of the assets is as follows:

Item	Estimated life (years)
Buildings	30 Years
Central air conditioning equipment	10 Years
Leasehold improvements	20 Years or the lease term, whichever is shorter
Furniture and fixtures	5 – 7 Years
Computer software and devices	5 Years or the license period, whichever is shorter
Electrical equipment and signboards	5 – 7 Years
Vehicles	4 – 5 Years

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss when the asset is derecognised.

The residual value, useful lives and methods of depreciation of property and equipment are reviewed at the end of each reporting period and amendments are processed on a prospectively basis, if required.

Investment Properties

investment properties consist of completed properties and properties under construction or under redevelopment which it is acquired to achieve rental or capital development or both, rather than being used or sold during the normal business cycle and / or indefinite use. Assets acquired under a lease are classified as investment property when they qualify as investment property to be accounted for as a finance lease.

Investment properties are initially measured at cost, including transaction costs. Transaction costs include professional fees for legal services and rental fees required to make the property operational.
The carrying amount also includes the cost of replacing part of the current investment properties at the date of cost incurred if the recognition criteria are met.

After initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Investment property are derecognized when they are permanently disposed of or withdrawn from use and no future economic benefits are expected from their disposal. Gains or losses on disposal of investment property are determined and included in the consolidated statement of profit or loss for the period in which the recognition is discontinued.

The gain or loss on disposal of investment property is determined to include the difference between the net disposal proceeds of the investment property and the carrying amount of respective asset.

Transfers from investment properties are made only when there is a change in use. This is evidenced by the commencement of occupancy of the property by the owner or commencement of development for the purpose of sale. When the occupied property becomes a real estate investment, the Group accounts for the property in accordance with the property and equipment policy until the date of change in use.

Maintenance and repair expenses are charged to the consolidated statement of profit or loss when incurred. Improvements that increase the value of the asset or substantially extend its useful life are capitalized.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Project Under Progress

Projects under Progress are stated at cost and an allowance is made for any impairment in value, if any. Projects under progress are classified as property and equipment upon completion of these projects.

Impairment of Non-Financial Assets

The Group assesses at each reporting date 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. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGUs exceeds its recoverable amount, the asset is considered impaired 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, when available, or an appropriate valuation model is used. These values are corroborated by valuation multiples and the prices of the listed assets of the subsidiaries offered for trading or through any other indications for the fair value.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These detailed budgets and forecast calculations are generally covering a period of five years. For the purpose of long period coverage, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit or loss in those expense categories consistent with the function of the impaired asset.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Such reversal is recognized in the statement of profit or loss.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets not at fair value through profit or loss,.

Subsequent measurement

The measurement of financial assets depends on their classification, as described below:

Financial assets at amortized cost

Financial assets at amortised value are measured using the effective interest rate (EIR) and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortized cost includes short-term investments and trade receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

De-recognition financial assets
A financial assets are derecognised when:
- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay cash flows in full without material delay to a third party under an agreement "transfer"; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into transferring agreement, it evaluates if, and to what extent, it has retained the risks and rewards of asset. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay, whichever is less.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs allowance is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the expcsure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash and cash equivalents
Cash and cash equivalents include cash with banks, petty cash and other short-term highly liquid investments with original maturities of three-months or less from their purchase date.

Time Murabha Deposit
Time murabha deposit represents Islamic Murabaha with local commercial banks that having a maturity of more than three months from the date of acquisition and expected to be sold within one year from the date of the reporting period.

Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policy of financial assets.

Inventory
Inventory is stated at the lower of cost and net realizable value and the cost is determined using weighted average method.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Letters of Guarantee
The amount paid to secure the letters of guarantee is recognized in non-current assets in the statement of financial position. The account of guarantee letters shall be closed upon redemption of the insurance amount or when the letter of guarantee is used by the other party.

Available and Visas in use

Purchased Visas
Purchased visas represent payments made to government authorities against issuance of visas for manpower and are recorded at cost.

Visas in use
Visas used in the recruitment and transferred from purchased visas are classifies as visas in use, and are amortized in the statement of profit or loss on a straight-line basis over a period of twc years or the duration of the contract whichever is shorter. The amount of the visas used is amortized in the income statement in case of termination of the contract or the existence of an impediment to the continuation of the service. The visas in use are classified as current and non-current assets.

Available Visas
The available visas represent the unused balance of visas purchased as at the date of the consolidated financial statements. The available visa amounts are transferred to the visas in use upon visa stamping for recruited manpower at the embassies of the Kingdom of Saudi Arabia.
Available visas are classified as current assets.

Residential and work permits fees
Residential fees and work permits are amortized in the consolidated statement of profit or loss and other comprehensive income over one year in line with the validity of such permits, except of the residence fees and work permits for employment (new arrival), which are amortized over 15 months from the date of arrival.

Provisions
General
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Retained Deposits
Retained deposits represent amounts collected in advance from customers and recruitment agencies as security deposit of employment contracts. These amounts are refunded at the end of the contract after deducting the due amounts to the Company or manpower from customers and recruitment agencies. Retained deposits are classified as current and non-current assets.

Employees' defined benefits obligation
The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses are recognized immediately in the statement of financial position and in the retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit or loss in subsequent periods.

Financial Liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as financial derivatives designated as hedging instruments in an effective hedge to cover the risks.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
Subsequent measurement
The subsequent measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on these liabilities are recognized in the statement of profit or loss.

Loans and borrowings
After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Derecognition of financial liabilities
A financial liabilities are derecognized when the obligation under the liability is discharged or cancelled or expires.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is mainly generated by providing the manpower services to the customers. The Group recognize the revenue based on the following sequence:

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the contract price.
- Allocate the contract price to the performance obligations.
- Revenue recognized when performance obligations are satisfied.

Revenue is recognized when the performance obligation is satisfied and when the service is rendered to the customer. Performance obligation is the promise of service delivery to the customer. In the meeting of performance obligations, revenue is recorded at the fair value of the service provided and any amounts collected on behalf of any external parties and any price discounts are excluded from the service price.

If the customer service bill includes certain different services, the invoice price is distributed proportionately, and the revenue of the services is realized when the performance obligations are fulfilled, and the service is provided to the customer. The Group provides its services to customers directly and is not considered as an agent for any third parties.

Unearned revenues

Unearned revenues (Deferred) represents amounts collected in advance from customers when signing the contracts for rendering manpower services. These amounts are recognized within revenues in the statement of profit or loss when realized.

Expenses

All operating expenses are consistently allocated to the cost of revenue, selling and marketing expenses and general and administrative expenses using fixed distribution factors to be determined in proportion to the Group's activities.

Zakat

The Group is subject to zakat in accordance with the Regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the kingdom of Saudi Arabia, and the provision for zakat is charged as an expense to statement of profit or loss other comprehensive income at the date of the financial statement. Any differences in Zakat expense will be settled in the financial year in which the final assessment is being approved, and any differences between Zakat and the final assessment are recognized in the statement of profit or loss.

Contingent events

Contingent liabilities are recognized in the consolidated financial statements only when the use of economic resources to settle an existing or expected legal obligation as a result of past events is probable and the amount expected to be repaid can be estimated substantially. Otherwise, contingent liabilities are disclosed unless the possibility of an economic loss is remote.

Contingent assets are not recognized in the consolidated financial statements but are disclosed when economic benefits arising from past events are probable.

Dividends

When the dividends are declared by the Board of Directors, are being recorded in the profit payable account and deducted from the retained earnings account.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

4. ADOPTION OF NEW AND REVISED IFRSs

The new and revised IFRSs have been adopted which have no significant impact on the consolidated financial statements

The following new and revised IFRSs have been adopted and became effective for the annual periods start in or after January 1, 2021, which have been adopted in these consolidated financial statements. Adoption of these new and revised IFRSs has no significant impact on the listed amounts of the currents and prior years, but may effect on the transactions' accounting and the future arrangements.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – interest rate measurement reform – second stage.
- Amendments to IFRS 16 – lease concessions – extending the exemption granted upon the applications of some standard's requirements until June 30, 2022.

The new and revised IFRSs in issue but not yet effective and not early adopted

The company has not applied the following new and revised IFRSs in issue but not yet effective and not early adopted:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures relating to the treatment of the sale or contribution of assets from the investor to its associate or joint venture.	Effective date deferred indefinitely
Amendments to IAS 1 Presentation of Financial Statements regarding the classification of liabilities.	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies	1 January 2023
IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.	1 January 2023
Amendments to IFRS 3 Business Combination to update the reference of the Conceptual Framework	1 January 2022
Amendments to IAS 16 Property, Plant and Equipment prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	1 January 2022
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets regarding the costs that must be included when assessing whether a contract is onerous	1 January 2022
Annual Improvements to IFRS 2018 – 2020 Cycle amending IFRS 1, IFRS 9, IFRS 16 and IAS 41.	1 January 2022
Amendments to IAS 8 – the accounting policies, changes in estimates and errors – definition of the accounting estimates.	1 January 2023
Amendments to IAS 12 – income tax – deferred tax associated to the assets and liabilities arising from single transaction.	1 January 2023

Management anticipates that the application of these standards and amendments will take a place upon preparing the consolidated financial statements in the above specified dates and may have no significant impact of the group's consolidated financial statements.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

5. CASH AND CASH EQUIVALENT

	2021	2020
	SR	SR
Cash at banks	**106,521,903**	54,677,777
Petty cash	**1,162,002**	760,954
	107,683,905	55,438,731

6. TIME MURABHA DEPOSITS

Time murahba deposits are Islamic Murabaha held in local high credit rates banks until maturity dates. The balance at December 31, 2021 amounted to SR 100 million (December 31, 2020: SR 195 million) due during 2022. Income earned during the year from Islamic Murabaha amounted to SR 1,019,749 (December 31, 2020: SR 1,267,789)

Time Murabha deposits include an amount of SR 10 million (2020: SR 10 million) related to the company license issued by the Ministry of Human Resources and Social Development (note 30).

7. TARDE RECEIVABLES

	2021	2020
	SR	SR
Trade receivables	**264,526,041**	276,221,773
Less: Expected credit loss provision	**(34,483,774)**	(32,012,028)
	230,042,267	244,209,745

The Group is dealing with key customers (5 customers), as the outstanding balance as at December 31, 2021 amounted SR 140.5 Million and represent 53% of trade receivables (2020: SR 122.7 Million, 44%).

The movement of expected credit loss provision as the following:

	2021	2020
	SR	SR
Balance as of January 1	**32,012,028**	30,889,843
Additions during the year	**4,000,000**	1,122,185
Transferred to the holding company (note 1)	**(1,528,254)**	-
Balance as of December 31	**34,483,774**	32,012,028

The following are the aging of outstanding trade receivables and have not been impaired:

	2021	2020
	SR	SR
Neither past due nor impaired	**132,788,572**	147,326,570
From 0 – 60 days	**76,101,281**	52,206,953
From 61 – 120 days	**2,418,144**	6,943,820
From 121 – 150 days	**1,507,126**	2,265,146
More than 151 days	**17,227,144**	35,467,256
	230,042,267	244,209,745

8. INVENTORY

	2021	2020
	SR	SR
Spare parts	-	1,667,220
Cleaning and hospitality materials	-	75,501
Others	-	557,379
	-	2,300,100

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

9. PREPAYMENTS AND OTHER DEBIT BALANCES

	2021 SR	2020 SR
Residence and work permit fees	**150,873,412**	165,761,404
Recruitment fees	**74,607,219**	39,091,618
Advances to suppliers	**14,987,915**	12,354,893
Insurance and medical examination	**13,803,087**	12,411,638
Prepaid employees' benefits	**7,003,551**	12,389,856
Bank letters of guarantee	**1,911,000**	2,431,079
Property insurance	**715,801**	859,666
Accrued revenues for Islamic Murabaha	**474,421**	433,048
Others	**1,762,562**	1,188,405
	266,138,968	246,921,607

10. RELATED PARTIES' BALANCES AND TRANSACTIONS

The related parties represent major shareholders, directors and top management personnel of the Group, the controlled entities or those subject to significant influence by these parties. The benefits paid to the senior management staff of the Group include salaries and other benefits.

The material transactions with related parties and the approximate amounts related thereto are as follows:

Related party	Nature of relation	Nature of transaction	2021 SR	2020 SR
Saudi Facility Management Company	Affiliate	Manpower services	**48,541,468**	-
		Operation and maintenance costs	**(9,586,102)**	-
		Proceeds	**(27,600,000)**	-
Saudi Medical Services Company	Affiliate	Manpower services	**8,862,148**	-
		Proceeds	**(8,862,148)**	-
		Finance	**(31,128,522)**	-
Terhab for Customer Experience Co.	Affiliate	Costs of customer services	**(12,868,719)**	-
		Payments against costs	**12,868,719**	-
Romoz for Communication Development & Information Technology	Affiliate	IT costs	**(3,591,894)**	-
		Payments against IT costs	**1,830,369**	-
		Expenses paid on behalf	**1,532,705**	-
Integrated Solution Holding Company	Parent Company	Dividends	**137,711,819**	-
		Transferred from projects under progress liabilities	**(4,743,169)**	-
		Transferred from employees' defined benefits obligation	**(1,503,777)**	-
		Expenses paid on behalf	**3,762,184**	-
Member of board of directors	Shareholder	Rental expenses	**300,000**	300,000
Senior to management personnel	Top Management	Salaries and remunerations	**7,790,000**	15,831,000
Board of directors members	Board of Directors	remunerations	**2,550,000**	2,550,000

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

10. RELATED PARTIES' BALANCES AND TRANSACTIONS (continued)

The following balances have raised from those transactions:

The due balance from related parties as at December 31 is as follows:

	2021	2020
	SR	SR
Saudi Facility Management Company	22,975,893	-
Terhab for Customer Experience Co.	1,096,349	-
	24,072,242	-

The due balance to the related parties as at December 31, is as follows:

	2021	2020
	SR	SR
Saudi Medical Services Company	24,214,931	-
Integrated Solution Holding Company	2,484,762	-
Romoz for Communication Development & Information Technology	1,066,716	-
	27,766,409	-

11. VISAS IN USE

The following is the movement of visas in use:

	2021	2020
	SR	SR
Balance as of January 1	17,222,652	40,316,830
Available visas in use during the year (note 12)	29,892,000	10,232,000
Amortization during the year	(20,098,965)	(33,144,885)
charged to trade payables	(571,000)	(181,293)
Balance as of December, 31	26,444,687	17,222,652
Less: Current portion	(17,807,695)	(5,400,590)
Non-current portion	8,636,992	11,822,062

12. AVAILABLE VISAS

The available visas represent unused visas' balance up to the date of the consolidated financial statements. The available visa amounts are transferred to visas in use upon stamping the visas' of the recruited manpower and their arrival to the Kingdom of Saudi Arabia.

The following is the movement of available visas:

	2021	2020
	SR	SR
Balance as of January 1	27,808,000	24,338,000
Purchased visas during the year, net	29,860,000	13,702,000
Transfer to visas in use (note 11)	(29,892,000)	(10,232,000)
Balance as of December 31	27,776,000	27,808,000

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

13. PROPERTY AND EQUIPMENT

	Lands	Buildings	Central air conditioning equipment	Leasehold improvements	Furniture and Fixtures	Computers software and devices	Electrical equipment and signboards	Vehicles	Total
	SR	SR	SR	SR	SR	SR	SR	SR	SR
Cost									
January 1, 2020	115,818,953	-	-	15,950,256	13,164,215	17,465,835	12,019,667	71,894,917	246,313,843
Additions	-	-	-	1,008,416	1,220,644	1,493,788	1,096,501	14,873,925	19,693,274
Transfer from projects under progress (Note 16)	-	39,144,921	4,173,086	1,205,372	-	6,144,491	1,818,440	-	52,486,310
Disposals	-	-	-	(2,258,531)	(1,360,606)	(46,146)	(1,248,396)	(108,652)	(5,022,331)
December 31, 2020	115,818,953	39,144,921	4,173,086	15,905,513	13,024,253	25,057,968	13,686,212	86,660,190	313,471,096
Additions	-	-	-	581,636	1,270,943	2,874,739	778,272	1,112,061	6,617,651
Transfer from projects under progress (Note 16)	-	-	-	1,630,296	-	2,620,500	-	-	4,250,796
Disposals	(11,425,375)	-	-	-	-	-	-	(19,969,753)	(31,395,128)
Transferred to the holding company (note 1)	(47,143,594)	-	-	(973,514)	(799,457)	(721,349)	(1,605,881)	(100,000)	(51,343,795)
December 31, 2021	57,249,984	39,144,921	4,173,086	17,143,931	13,495,739	29,831,858	12,858,603	67,702,498	241,600,620
Accumulated Depreciation									
January 1, 2020	-	-	-	8,881,268	5,231,100	9,830,780	4,787,009	37,839,819	66,569,976
Depreciation for the year	-	-	-	3,112,344	1,846,866	2,738,559	1,835,950	14,621,228	24,154,947
Disposals	-	-	-	(1,450,878)	(1,021,326)	(4,107)	(971,335)	(108,686)	(3,556,332)
December 31, 2020	-	-	-	10,542,734	6,056,640	12,565,232	5,651,624	52,352,361	87,168,591
Depreciation for the year	-	1,308,338	417,309	2,685,178	1,720,499	3,866,374	1,753,506	11,816,240	23,567,444
Disposals	-	-	-	-	-	-	-	(19,378,963)	(19,378,963)
Transferred to the holding company (note 1)	-	-	-	(490,296)	(330,499)	(323,357)	(442,058)	(20,000)	(1,606,210)
December 31, 2021	-	1,308,338	417,309	12,737,616	7,446,640	16,108,249	6,963,072	44,769,638	89,750,862
Net Book Value									
December 31, 2021	57,249,984	37,836,583	3,755,777	4,406,315	6,049,099	13,723,609	5,895,531	22,932,860	151,849,758
December 31, 2020	115,818,953	39,144,921	4,173,086	5,362,779	6,967,613	12,492,736	8,034,588	34,307,829	226,302,505

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

13. PROPERTY AND EQUIPMENT (CONTINUED)

The depreciation for the year ended December 31 is as follows:

	2021	2020
	SR	SR
Cost of revenue	20,069,014	22,543,607
General and administrative expenses	3,024,799	2,157,260
Marketing expenses	473,631	454,080
	23,567,444	24,154,947

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The carrying amounts of the Group's Right-of-Use assets and lease liabilities and the movements during the year are as the following:

	Right-of-Use Assets	Lease Liabilities
Cost:	SR	SR
As of 1 January, 2021	34,678,971	28,543,708
Additions during the year	27,550,691	27,550,691
Disposals during the year	(2,717,024)	(2,662,180)
Transferred to the holding company (Note 1)	(5,242,821)	(3,935,167)
Total	54,269,817	49,497,052
Depreciation during the year	(14,084,869)	-
Cost of financing leases	-	1,109,257
Payments during the year	-	(14,024,275)
As of 31 December, 2021	40,184,948	36,582,034
Less: Current portion		(12,892,061)
None current portion		23,689,973

	Right-of-Use Assets	Lease Liabilities
Cost:	SR	SR
As of 1 January, 2020	44,712,020	35,940,388
Additions during the year	14,442,973	14,442,973
Disposals during the year	(5,848,394)	(6,233,770)
Total	53,306,599	44,149,591
Depreciation during the year	(18,627,628)	
Cost of financing leases	-	1,482,058
Payments during the year	-	(14,665,879)
Discounts granted during the year	-	(2,422,062)
As of 31 December, 2020	34,678,971	28,543,708
Less: Current portion		(11,827,096)
None current portion		16,716,612

15. INVESTMENT PROPERTY

This item represents the value of commercial land owned by the Company for the purpose of investment in the Kingdom of Saudi Arabia. The historical cost was SR. nil as at December 31, 2021 (2020: SR 26,906,000).

	2021	2020
	SR	SR
Balance at January 1	26,906,000	26,906,000
Transferred to the holding company (note 1)	(26,906,000)	-
Balance at December 31	-	26,906,000

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

16. PROJECT UNDER PROGRESS

The movement on projects under progress for the year ended as at December 31, 2021:

	January 1, 2021	Additions	Transfer to Property and equipment	Transferred to the holding Co. (note 1)	December 31, 2021
	SR	SR	SR		SR
Head office Building	28,675,065	-	-	(28,675,065)	-
Accommodation Complex project – Phase 2	10,640,477	3,642,350	-	-	14,282,827
Leasehold improvements	1,637,795	-	(1,630,296)	-	7,499
Electronic software	2,820,500	523,336	(2,620,500)	-	723,336
Others	565,905	-	-	(565,905)	-
	44,339,742	4,165,686	(4,250,796)	(29,240,970)	15,013,662

The movement on projects under progress for the year ended as at December 31, 2020:

	January 1, 2020	Additions	Transfer to Property and equipment	December 31, 2020
	SR	SR	SR	SR
Head office Building	8,686,503	19,988,562	-	28,675,065
Accommodation Complex project – Phase 1	41,152,772	10,128,166	(51,280,938)	-
Accommodation Complex project – Phase 2	-	10,640,477	-	10,640,477
Leasehold improvements	1,097,392	1,745,775	(1,205,372)	1,637,795
Electronic software	200,000	2,620,500	-	2,820,500
Others	-	565,905	-	565,905
	51,136,667	45,689,385	(52,486,310)	44,339,742

17. RETAINED DEPOSITS

	2021	2020
	SR	SR
Deposits from customers	104,317,336	105,145,286
Deposits from recruitment agencies	5,081,789	4,821,164
	109,399,125	109,966,450
Less: current portion	(49,248,062)	(45,557,415)
Non-current portion	60,151,063	64,409,035

18. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	2021	2020
	SR	SR
Vacations and tickets	88,017,236	91,418,364
Salaries and other benefits	49,615,221	64,732,584
Value added tax payable	19,181,490	14,848,666
Others	10,174,313	12,251,141
	166,988,260	183,250,755

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

19. ZAKAT PROVISION

Zakat expenses are calculated on the basis of the adjusted net income or the Zakat base, whichever is higher, according to the regulations of the Zakat, Tax & Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. The zakat provision has been calculated in the current year on the basis of the Group's adjusted net income method. The movement in zakat provision is represented in the following:

	2021	2020
	SR	SR
Balance as of January 1	**11,823,717**	9,314,649
Zakat charged on profit or loss	**7,884,034**	13,156,911
Paid during the year	**(10,430,325)**	(10,647,843)
Transferred to the holding company (note 1)	**(173,964)**	-
Balance as of December 31	**9,103,462**	11,823,717

Zakat status for parent company

The Company submitted its Zakat returns for all years up to 2020, and the company obtained the zakat certificates for these years. In addition, the Zakat, Tax & Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia issued a final assessments until 2018, as the zakat return for the years 2019 and 2020 is still being reviewed by ZATCA.

Zakat status for subsidiaries

The Company submitted its Zakat returns for all the years up to 2020 and obtained the zakat certificate for these years. The company did not receive any final assessment till the date of the financial statements.

20. EMPLOYEES' DEFINED BENEFIT OBLIGATION

The movement of employees' defined benefits obligation is as the following:

	2021	2020
	SR	SR
Balance as of January 1	**72,731,537**	58,368,999
Current service costs	**28,019,410**	36,061,854
Interests' costs	**1,276,790**	1,119,940
Actuarial re-measurement charged to OCI	**(63,384)**	1,173,021
Transferred to the holding company (note 1)	**(663,326)**	-
Transfers	**(1,503,777)**	-
Transferred to projects under progress during the year	-	82,457
Transferred to labour receivables during the year	-	729,723
Paid during the year	**(23,992,052)**	(24,804,457)
Balance as of December 31	**75,805,198**	72,731,537

The sensitivity analysis for major actuarial assumptions are as follows:

	2021		2020	
	Employees	**Labour**	Employees	Labour
	%	%	%	%
Discount rate	**1,8**	**1,8**	2.1	2.1
Expected salary increase rate	**2,2**	**2,2**	1,5	2.1
Retirement age / assumed exit	**8,3 years**	**2,7 years**	8,1 years	4,6 years

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

20. EMPLOYEES' DEFINED BENEFIT OBLIGATION (continued)

Sensitivity analyses of employees' defined benefits obligations have been prepared based on the manner in which the impact is based on the obligation of the defined benefits as a result of reasonable changes in the key assumptions occurring at the end of the financial year. Sensitivity analyses are based on the change in the fundamental assumption, assuming all other assumptions are consistent. Sensitivity analyses may not be indicative of the actual change in the defined benefits obligation and it is unlikely that changes in assumptions will occur in isolation.

	2021		2020	
	%	SR	%	SR
Discount rate				
Increase	**%+1**	**62,635,157**	%+1	67,790,251
Decrease	**%-1**	**66,108,418**	%-1	73,088,977
Expected salary increase rate				
Increase	**%+1**	**66,405,141**	%+1	72,468,939
Decrease	**%-1**	**62,319,194**	%-1	68,342,137

Risks related to employees' defined benefits obligations:

Salaries increase risks:
The most common type of retirement benefits is the one in which benefits are linked to final salaries. Risks arise when actual increases are higher than expected and therefore affect the obligation.

Withdrawal risks:
Actual withdrawal risks that vary with valuation assumptions can impose risks to benefits obligations. The movement in commitment can be launched in both directions.

21. STATUTORY RESERVE

As required by the Saudi Arabia Regulations for Companies and bylaws of the company, the Company shall transfers 10% of its net profit to establish a statutory reserve until the reserve equals 30% of capital.

22. REVENUES

In the following table, revenue has been classified by segment type, as intra-group revenue is eliminated upon consolidation:

	2021	2020
	SR	SR
Sector		
Business	**1,207,826,732**	1,332,492,142
Individuals	**507,934,444**	484,902,361
Total	**1,715,761,176**	1,817,394,503

The Group follows the policy of revenue recognition over time; accordingly, all revenue is recognized over the period of the contract in which the services are rendered.

29

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

23.GENERAL AND ADMINISTRATIVE EXPENSES

	2021	2020
	SR	SR
Salaries, wages and other benefits	33,755,085	32,706,419
Professional fees and consultation	5,523,853	3,851,431
Licenses and subscriptions	3,938,347	2,357,984
Depreciation of Right-of-Use Assets	3,073,297	2,930,091
Depreciation	3,024,799	2,157,260
IT expenses	2,800,442	-
Maintenance and cleaning	2,231,943	2,057,768
Communication	1,298,942	734,524
Utilities	321,174	164,205
Stationery	286,829	393,430
Others	5,075,675	6,443,310
	61,330,386	53,796,422

24.MARKETING EXPENSES

	2021	2020
	SR	SR
Expenses of customer services	11,203,690	-
Marketing and advertising	10,494,565	10,258,967
Salaries, other benefits	8,008,758	23,222,321
Bank charges	6,074,105	3,566,065
Commissions and incentives	4,289,743	2,432,403
Maintenance and cleaning	2,346,638	2,465,263
Expenses of Walaa' program points	2,024,992	-
Depreciation of Right-of-Use Assets	1,757,699	2,050,604
Depreciation	473,631	454,080
Utilities	354,123	1,299,727
Communication	139,791	350,382
Others	1,264,500	869,059
	48,432,235	46,968,871

25.COST OF FINANCING EMPLOYEES' BENEFITS OBLIGATION AND LEASES

	2021	2020
	SR	SR
Interest cost of employees' defined benefits obligation	1,276,790	1,112,855
Interest cost of lease obligation	1,109,257	1,368,829
	2,386,047	2,481,684

26.OTHER INCOME, NET

	2021	2020
	SR	SR
Gains (Losses) on sale of property and equipment	6,877,808	(1,327,568)
Islamic Murabaha revenues(Note 6)	1,019,749	1,267,789
Human Resources Development Fund	370,490	439,796
Cash distributions – assets investment at fair value through profit or loss	97,346	53,779
Gain (Losses) from revaluation of assets investment at fair value through profit or loss	69,902	(17,294)
Other Income	(8,960)	116,239
	8,426,335	532,741

30

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

27.EARNINGS PER SHARE

Basic earnings per share is calculated from key operations and profit for the year by dividing key operations' income and profit for the year by the weighted average number of outstanding shares amounting to 40 million shares.

28.FAIR VALUE MEASUREMENT

Fair value is the amount that will be received against an asset or a liability to transfer a liability under a systematic transaction between the market participants on the measurement date. Within the definition of fair value, it is assumed that the Group will continue to operate as there is no intention or requirement to substantially reduce the volume of its operations or to conduct a transaction on adverse terms.

A financial instrument is included in an active market if the quoted prices are readily and regularly available from a cash dealer, an industry group broker, a pricing service or a regulatory authority, and these prices represent actual and regular market transactions on a commercial basis.

When measuring fair value, the Group uses observable market information whenever possible. Fair values are classified at different levels in the fair value based on the inputs used in valuation methods as follows:

- Level 1: quoted prices (unadjusted) in active markets for similar assets and liabilities can be obtained at the measurement date.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for assets or liabilities directly (such as prices) or indirectly (derived from prices).
- Level 3: inputs for assets and liabilities not based on observable market information (unobservable inputs).

All financial assets and financial liabilities of the Group are measured at amortised cost, except the investment at fair value through profit or loss which is measured at fair value on level 1.

29.RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

Credit Risk:

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on cash at bank, trade receivables, investments and available visas as follows:

	2021	2020
	SR	SR
Cash at banks	**106,521,903**	54,677,777
Trade receivables	**230,042,267**	244,209,745
Time murabha deposit	**90,000,000**	185,000,000
Assets investment at fair value through profit or loss	**2,564,597**	2,421,195
Available visa	**27,776,000**	27,808,000
	456,904,767	514,116,717

The carrying amount of financial assets represents the maximum credit risks exposure.

The Group seeks to limit its credit risks with respect to contract assets and trade receivables by setting credit limits for each customer and by monitoring outstanding balances on an ongoing basis. The receivable balances are monitored with the result that the Group's exposure to bad debts is not significant the five largest customers represent approximately 53% of outstanding contract assets and trade receivables at 31 December 2021 (2020: 44%).

Bank balances are held with banks with a high credit rating.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

29. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

Liquidity Risk:
Liquidity risk is the risk that an enterprise 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 at an amount close to its fair value. Following are the contractual maturities at the end of the reporting period of financial liabilities.

December 31, 2021

	Carrying amount	**Less than 1 year**	**More than 1 year and less than 5 years**
	SR	**SR**	**SR**
Financial Liabilities			
Retained deposits	**109,399,125**	**49,248,062**	**60,151,063**
Unearned revenue	**72,280,039**	**72,280,039**	-
Trade payables	**8,060,290**	**8,060,290**	-
Accrued expenses and other credit balances	**166,988,260**	**166,988,260**	-
	356,727,714	**296,576,651**	**60,151,063**

December 31, 2020

	Carrying amount	Less than 1 year	More than 1 year and less than 5 years
	SR	SR	SR
Financial Liabilities			
Retained deposits	109,966,450	45,557,415	64,409,035
Unearned revenue	91,744,152	91,744,152	-
Trade payables	27,508,966	27,508,966	-
Accrued expenses and other credit balances	183,250,755	183,250,755	-
	412,470,323	348,061,288	64,409,035

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and bank facilities are available to meet the Group's future commitments.

Market Risk:
Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, and will affect the Group's profit or the value of its financial assets. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency Risk:
Currency risks are the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risks arise when future commercial transactions and recognized assets and liabilities are denominated in a currency that's not the Group's functional currency. The Group exposure to foreign currency risk is primarily limited to transactions in United State Dollars ("USD"). The Group's management believes that their exposure to currency risk associated with USD is limited as the Company's currency is pegged to USD. The fluctuation in exchange rates against other currencies is monitored on a continuous basis.

Interest rate risks
Interest rate risks arise from the volatility of the fair value or future cash flows of a financial instrument due to changes in market rates. Currently the Group's is not exposed the significant interest rate risks on its assets and liabilities.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2021

30.CONTINGENT LIABILITIES

Guarantees
At 31 December 2021, the Company had a guarantee of SR 10 million (2020: SR 10 million) which is related to the company license issued by the Ministry of Human Resources and Social Development (Note 6).

Capital commitments
The company has capital commitments of SR 1 million as of December 31, 2021 (2020: SR 37,9 million) for projects under progress.

Legal claims
The Group faces legal suits during the regular business cycle, which are being defended. While the final results of these suits cannot be certainty determined. Management does not expect a material adverse impact on the Group's consolidated financial statements.

31.REMUNERATION OF BOARD OF DIRECTORS

The remuneration of the Board of Directors for the year ended December 31, 2021 amounted to SR 2,550,000 (2020: SR 2,550,000).

32.SUBSEQUENT EVENTS

Management believes that no subsequent events since the year end, which require a disclosure or an amendment to these consolidated financial statements.

33.APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Board of Directors in Rajab 14, 1443 AH, corresponding to February 15, 2022 AD.

SAUDI MANPOWER SOLUTIONS COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

SAUDI MANPOWER SOLUTIONS COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATE FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2022

BAKER TILLY MKM & CO.
CERTIFIED PUBLIC ACCOUNTANTS
P.O.Box 300467, Riyadh 11372
Kingdom of Saudi Arabia
T: +966 11 835 1600
F: +966 11 835 1601

Independent Auditor's Report

To the Shareholders
Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)
Riyadh – Kingdom of Saudi Arabia

Opinion

We have audited the consolidated financial statements of Saudi Manpower Solutions Company (the "Company"), and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") 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 ("ISA"). 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) issued by the International Ethics Standards Board for Accountants and endorsed in the Kingdom of Saudi Arabia ("IESBA Code"), 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 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 IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and Regulations for Companies and the Company's Bylaws 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 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 Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

bakertilly

Independent Auditor's Report (Continued)

To the Shareholders - Saudi Manpower Solutions Company

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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 are 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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, 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.

BAKER TILLY MKM & CO.
Certified Public Accountants

Majid Muneer Alnemer
License No. 381

Riyadh on Ramadan 28, 1444H
Corresponding April 19, 2023G

محاسبون قانونيون
C P A
C.R: 1010428101 :س.ت
BAKER TILLY
M K M & CO.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Consolidated Statement of Financial Position
As at December 31, 2022
(Expressed in Saudi Riyals)

	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	5	**116,160,077**	107,683,905
Time Murabha deposits – Current portion	6	**130,000,000**	90,000,000
Investment at fair value through profit or loss		**516,834**	2,564,597
Trade receivables	7	**228,602,137**	230,042,267
Prepayments and other debit balances	8	**237,602,722**	266,138,968
Due from related parties	9	**16,893,282**	24,072,242
Visas in use - Current portion	10	**21,055,426**	17,807,695
Available visas	11	**35,560,717**	27,776,000
Total current assets		**786,391,195**	766,085,674
Non-current assets			
Time Murabha deposits – non-Current	6	**10,000,000**	10,000,000
Visas in use – non-Current	10	**5,864,182**	8,636,992
Right-of-use assets	13	**30,730,440**	40,184,948
Projects under progress	15	**34,595,274**	15,013,662
Property and equipment	12	**141,655,030**	151,849,758
Total non-current assets		**222,844,926**	225,685,360
TOTAL ASSETS		**1,009,236,121**	991,771,034
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Retained deposits - Current portion	16	**53,110,559**	49,248,062
Unearned revenues		**77,288,053**	72,280,039
Trade payables		**10,831,089**	8,060,290
Accrued expenses and other credit balances	17	**162,206,805**	166,988,260
Due to related parties	9	**923,759**	27,766,409
Lease liabilities - Current portion	13	**8,713,558**	12,892,061
Zakat provision	18	**9,561,152**	9,103,462
Total current liabilities		**322,634,975**	346,338,583
Non-current labilities			
Retained deposits – non-Current portion	16	**55,156,703**	60,151,063
Employees' defined benefit obligation	19	**85,316,917**	75,805,198
Lease liabilities	13	**17,847,641**	23,689,973
Total non-current liabilities		**158,321,261**	159,646,234
TOTAL LIABILITIES		**480,956,236**	505,984,817
Equity			
Share capital	1	**400,000,000**	400,000,000
Statutory reserve	20	**92,154,003**	77,129,082
Retained earnings		**36,125,882**	8,657,135
Total equity		**528,279,885**	485,786,217
TOTAL LIABILITIES AND EQUITY		**1,009,236,121**	991,771,034

The accompanying notes form an integral part of these consolidated financial statements.

3

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended December 31, 2022
(Expressed in Saudi Riyals)

	Notes	2022	2021
Revenues	21	1,839,888,908	1,715,761,176
Cost of revenues		(1,602,211,747)	(1,449,700,120)
Gross profit		237,677,161	266,061,056
General and administrative expenses	22	(44,850,600)	(61,330,386)
Marketing expenses	23	(33,308,622)	(48,432,235)
Expected credit loss on trade receivables	7	985,467	(4,000,000)
Operating profit		160,503,406	152,298,435
Finance Cost on employees' defined benefits obligation and leases	24	(2,326,415)	(2,386,047)
Other income, Net	25	13,010,728	8,426,335
Profit before zakat		171,187,719	158,338,723
Zakat	18	(11,709,356)	(7,884,034)
Profit for the year from continuous operations		159,478,363	150,454,689
Loss for the year from discontinuous operations	26	(9,229,153)	-
Profit for the year		150,249,210	150,454,689
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements on employees' defined benefits obligations	19	901,593	63,384
Other comprehensive income from continuous operations		901,593	63,384
Total comprehensive income for the year		151,150,803	150,518,073
Earnings per share	27		
Operating profit		4,01	3,81
Profit for the year		3,76	3,76

The accompanying notes form an integral part of these consolidated financial statements.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Consolidated Statement of Changes in Equity
For the year ended December 31, 2022
(Expressed in Saudi Riyals)

	Notes	Share capital	Statutory reserve	Retained earnings	Total equity
As at January 1, 2021		400,000,000	62,083,613	135,896,350	597,979,963
Profit for the year		-	-	150,454,689	150,454,689
Other comprehensive income for the year		-	-	63,384	63,384
Comprehensive income for the year				150,518,073	150,518,073
Transfer to statutory reserve	20	-	15,045,469	(15,045,469)	-
Dividends	31	-	-	(262,711,819)	(262,711,819)
As at December 31, 2021		400,000,000	77,129,082	8,657,135	485,786,217
Profit for the year		-	-	**150,249,210**	**150,249,210**
Other comprehensive income for the year		-	-	**901,593**	**901,593**
Comprehensive income for the year		-	-	**151,150,803**	**151,150,803**
Transfer to statutory reserve	20	-	**15,024,921**	**(15,024,921)**	-
Dividends	31	-	-	**(108,657,135)**	**(108,657,135)**
As at December 31, 2022		**400,000,000**	**92,154,003**	**36,125,882**	**528,279,885**

The accompanying notes form an integral part of these consolidated financial statements

5

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Consolidated Statement of Cash Flows
For the year ended December 31, 2022
(Expressed in Saudi Riyals)

	2022	2021
OPERATING ACTIVITIES:		
Profit for the year	150,249,210	150,454,689
Adjustments:		
(Reversal) expected credit loss on trade receivable	(985,467)	4,000,000
Amortization of visas in use	30,950,575	20,098,965
Depreciations and amortizations	35,112,661	37,652,313
Zakat provision for the year	11,709,356	7,884,034
(Gains) losses from disposal of property and equipment	(5,378,218)	(6,877,808)
Leases adjustment	596,123	54,844
Current Cost of employees' defined benefit obligation	29,537,056	28,019,410
Interest cost on employees' defined benefit obligation	1,187,523	1,276,790
Interest cost on lease liabilities	1,138,892	1,109,257
Revaluation of Shares' investments at fair value through profit or loss	(601,135)	(69,902)
Changes in working capital:		
Trade receivables	2,425,597	(9,739,630)
Prepayments and other debit balances	28,536,250	(22,440,699)
Due from / to related parties	(19,489,215)	18,875,673
Available visas	(40,089,000)	(29,860,000)
Retained deposits	(1,131,863)	1,924,232
Unearned revenue	5,008,014	(19,464,113)
Trade payables	3,649,586	(15,021,205)
Accrued expenses and other credit balances	(4,781,462)	(10,985,530)
Cash from operations	227,644,483	156,891,320
Employees' defined benefit obligation paid	(21,201,174)	(23,992,052)
Zakat paid	(11,251,666)	(10,430,325)
Net cash from operating activities	195,191,643	122,468,943
INVESTING ACTIVITIES:		
Time Murabaha deposit	(40,000,000)	95,000,000
Investment at fair value through profit or loss	2,648,898	(73,500)
Purchases of property and equipment	(17,379,385)	(6,617,651)
Proceeds from sale of property and equipment	11,180,969	18,893,973
Additions to projects under progress	(19,775,510)	(4,165,686)
Disposed cash and cash equivalent for subsidiaries	-	(9,020,570)
Net cash (used in) /from investing activities	(63,325,028)	94,016,566
FINANCING ACTIVITIES:		
Cash dividends	(108,657,135)	(150,216,060)
Lease liabilities paid	(14,733,308)	(14,024,275)
Net cash used in financing activities	(123,390,443)	(164,240,335)
Net change in cash and cash equivalents	8,476,172	52,245,174
Cash and cash equivalents at January 1	107,683,905	55,438,731
Cash and cash equivalents at December 31	116,160,077	107,683,905
Non-cash transactions:		
Transfer from available visas to Visas in use (Note 10/11)	32,304,283	29,892,000
Visas charged to trade payables balances (Note 10)	878,787	571,000
Additions to the leases (Note 13)	8,296,136	
Disposals of leases (Note 13)	4,798,074	
Transfer from project under progress to property and equipment (Note 12/15)	-	4,250,796
Transfer from employees' defined benefits obligations to the holding company	-	1,503,777
Transfer from projects under progress	-	4,743,169
Net transferred assets (Note 1-B/26)	-	112,495,759

The accompanying notes form an integral part of these consolidated financial statements

6

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

1. INCORPORATION AND ACTIVITIES:

Saudi Manpower Solutions Company (the "Company") is a Saudi closed joint stock company registered in Kingdom of Saudi Arabia, under Commercial Registration No. 1010331000, dated in Rabie Al Thani 12, 1433 H (corresponding to March 5, 2012). The Company's headquarters is located in Riyadh, PO Box 91279 Riyadh 11633.

The company's share capital as of December 31, 2021, and 2022 consists of 40,000,000 shares, at SR 10 per share.

The Company is operating in the mediate recruitment and providing manpower services. Employees who provide direct services to the Company's clients through secondment are referred to as manpower for the purposes of these consolidated financial statements.

Discontinuous operations:

1-A Discontinued operations during 2022:

On November 30, 2022, the company's board of directors have resolved to transfer assets and investments in "ESNAD BUILDING CLEANING SERVICES COMPANY" and "AREEB HUMAN RESOURCES COMPANY" to the holding company.

1-B Discontinued operations during 2021:

On January 5, 2021, the company' board of directors have resolved to establish a holding company and transferring the assets and the investment in the subsidiaries to the holding company for the purpose of complying with the requirements of practicing the recruitment activity and providing the manpower services, which restrict the company to practice any activities other than licensed activities. Based on the unordinary general assembly's meeting, held on December 19, 2021, which resolved to authorize the board of directors to complete the restructuring process through transferring the property assets, the subsidiaries, and the shareholders' shares to the Integrated Solutions Holding Company (Holding), under legal agreements held on December 31, 2021, necessary regulatory procedures have been finished until during 2022.

The following are the stages of the transfer process:
First stage: transferring real estate assets from the company to the holding company.
Second stage: transferring subsidiaries from the company to the holding company.
Third stage: transferring the shares of the company's shareholders to the holding company.

Details of discontinued operations are mentioned in Note 26 to these consolidated financial statements.

2. BASIS OF PREPARATION

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

2. 1 Basis of measurement

These consolidated financial statements have been prepared based on the historical cost convention, except for the employee's defined benefits obligation, which measured at the present value of the future liabilities using the expected credit unit and the investment at fair value through profit or loss which measured at fair value.

2. 2 Presentation and functional currency

The consolidated financial statements are presented in Saudi Riyal ("SR") which is the presentation and functional currency, used in the preparation of the financial reports of the Group. It has been fully displayed amounts, unless otherwise indicated.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

2. BASIS OF PREPARATION (CONTINUED)

2. 3 Use of Judgments and Estimates

In preparing these consolidated financial statements, management had made judgments, estimates and assumptions that affect the application of the group's accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Adjustments arising from accounting estimates are included in the year where estimates are amended and in the subsequent years affected by the amendment.

Uncertain assumptions and estimates
The information about the uncertain assumptions and estimates with significant risks that lead to substantial changes in the year ended December 31, 2022, were included in the following disclosures:

Uncertain zakat positions
The Group current zakat provision relates to management's assessment of the amount of zakat payable on open zakat positions where the liabilities remain to be agreed with the Zakat, Tax and Customs Authority ("ZATCA"). Due to the uncertainty associated with these zakat items, there is a possibility that the final outcome upon the issuance of the final assessment by ZATCA may differ in the future periods. The zakat assessments status was disclosed note 18.

Impairment of trade receivables
The Group uses a specific matrix to calculate the allowance of expected credit loss for trade receivables. Provision rates are based on the days since maturity for groups of different customer sectors that have similar loss patterns (i.e., depending on the type of customer or the coverage of collateral and other forms of credit insurance).

The allowance matrix is initially based on the default rates of the historical collections of the company and the calculation of the allowance reflects the weights of probabilities related to the results, the time value of the funds and the reasonable information at the reporting date on past events and future economic conditions. On the date of each financial report, default rates are updated and changes in future estimates are analysed.

The relationship between the observed historical default rates, the expected economic conditions and the expected credit losses is a significant estimate. Expected credit losses are sensitive to changes in economic conditions and expectations. The company's historical credit loss experience and its forecasts for economic conditions may also not reflect the actual stumbling of customers in the future. Note 7 disclosed the information about the expected credit losses on trade receivables.

Basis of consolidation of consolidated financial statements
These consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2022, (collectively referred to "the Group").

Control of the investee is realized when, and only when, the investing company has all the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure to risks or has rights in variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

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

- Contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements.
- The Company's voting rights and potential voting rights.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

2. BASIS OF PREPARATION (CONTINUED)

2. 3 Use of Judgments and Estimates (Continued)
Basis of consolidation of consolidated financial statements (Continued)

The Group re-assesses whether practice controls over an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Company begins control until the date the Company losses to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the shareholders of the Company and the non-controlling interests, even if this will lead to deficit in the non-controlling interests' balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between companies of the Group are eliminated in full on consolidation.

Any change in the ownership share of subsidiary does not lead to loss the control is counted as an equity.
If the Group loses control of a subsidiary, it derecognises the assets (including goodwill), liabilities, non-controlling interest and other equity items, while the gain or loss is recognized in profit or loss. The remaining investment is recognized at fair value.

The consolidated financial statements reflect the financial position and results of operations of the Company and its subsidiaries listed below:

	Ownership			
Company name	**2022**	2021	**Legal entity**	**Region**
Saudi Logistics Services Company	**100%**	100%	LLC	KSA
Terhab For Customer Experience Company*	**100%**	-	LLC	KSA
Romoz Al-tatwer For telecom & Information Technology Company*	**100%**	-	LLC	KSA
Saneem Investment Company**	**100%**	-	LLC	KSA
Esnad Building Cleaning Services Company***	-	100%	LLC	UAE
Areeb For Human Resource Company***	-	100%	LLC	KSA

*Rumuz Al-tatwir for Communications and Information Technology and Terhab For Customer Experience Company Ltd. have a wholly owned subsidiary with ownership percentages 24% and 76% respectively. The company (Center for Special Business Solutions Limited Company) a private limited company is established in the State of India. The incorporation procedures for the Center for Private Business Solutions Ltd. were completed during 2022.

** Saudi Manpower Solutions Company established a subsidiary during 2022.

***As disclosed in note (1) & (26).

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

2. BASIS OF PREPARATION (CONTINUED)

2. 3 Use of Judgments and Estimates (Continued)

Basis of consolidation of consolidated financial statements (Continued)

The following table shows the financial position for the subsidiary companies as follows:

	As at December 31, 2022 SR		As at December 31, 2021 SR	
Subsidiary company	**Total assets**	**Total liabilities**	Total assets	Total liabilities
Saudi Logistics Services Company	**121,181,566**	**73,298,797**	6,132,014	5,159,064
Romoz Al-tatwer For telecom & Information Technology Company	**7,966,969**	**2,005,151**	-	-
Terhab For Customer Experience Company	**5,656,168**	**3,081,293**	-	-
Saneem Investment Company	**3,150,000**	**2,151,400**	-	-
Areeb For Human Resource Company	-	-	1,147,650	784,480
Esnad Building Cleaning Services Company (consolidated)	-	-	11,338,671	11,236,671

The following is the financial performance of the subsidiaries for the financial year ended:

	As at December 31, 2022 SR		As at December 31, 2021 SR	
Subsidiary company	**Total revenue**	**Profit (loss) for the year**	Total revenue	Profit (loss) for the year
Saudi Logistics Services Company	**103,870,314**	**9,909,819**	7,390,300	136,996
Romoz Al-tatwer For telecom & Information Technology Company	**20,030,878**	**3,660,370**	-	-
Terhab For Customer Experience Company	**17,877,721**	**1,693,787**	-	-
Saneem Investment Company	-	**(1,400)**	-	-
Areeb For Human Resource Company	-	-	-	(608,638)
Esnad Building Cleaning Services Company (consolidated)	-	-	7,328,737	(4,048,030)

The main activity of the subsidiary companies in the services of employment assistance, operating transporting passengers and goods within cities, mediating the employment of Saudis.

Business Combination

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the total of transferred amount, which is measured at the fair value of the asset given or realized liabilities or assumed at the date of acquisition, plus the amount of any non-controlling interests in the acquired company. The excess of the cost of acquisition over the fair value of the Group's share of the net assets acquired is recorded as goodwill. Goodwill is tested annually for impairment and carried at cost, net of impairment losses, if any. Acquisition-related costs are expensed as incurred and included in administrative expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these consolidated financial statements for the year ended December 31, 2022, are the same as those applied by the Group in the consolidated financial statements for the year ended December 31, 2021.

The significant accounting policies applied by the Group to prepare these consolidated financial statements are as follows:

Current versus non-current for assets and liabilities Classification
The Group presents assets and liabilities in the 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.
- Held primarily for the purpose of trading.
- Expected to be realised within 12 months after the reporting period,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

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 expected be settled within 12 months after the reporting period, or
- 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 liabilities.

Fair value measurement
The Group measures financial instruments, such as financial derivatives, at fair value at each statement of financial position date.

Fair value is the price that would be received upon selling or repaying an asset when settling the liabilities between two parties in an orderly transaction, which is being processed based on commercial basis at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for those assets or liabilities; or
- In the absence of a principal market, in the most advantageous market for the assets or liabilities.

The principal or the most advantageous market must be accessible by the Group.

The fair value of the assets or liabilities is measured using the assumptions that market participants would use when pricing the assets or liabilities, assuming that market participants act in their economic best interests.

A fair value measurement of a non-financial assets 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 participants that would utilise the asset in its highest and best use.

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

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

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Fair value measurement (Continued)

- 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 directly or indirectly unobservable.

For assets and liabilities that are recognised 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 categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Foreign Currencies
Transactions and balances
Transactions in foreign currencies are initially recorded at the spot rate ruling of the functional currency at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the spot rate of exchange ruling at the date of preparing the consolidated financial statements. Differences arising on settlement or transactions of monetary items are recognised in profit or loss.

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control over an identified asset or assets for a period of time in exchange for consideration.

Company as a lessee
Right-of-use assets
Leases are recognised as right-of-use assets along with their corresponding liabilities at the date of which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost.

The finance cost is recognized in the consolidated statement of profit or loss over the lease term. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

- The amount of the initial measurement of lease liability.
-Any lease payments made at or before the commencement date less any lease incentives received;
-Any initial direct costs; and
-Restoration costs, if applicable.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease terms reflect the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. The lease payments are discounted using the interest rate implicated to the lease or the Group's incremental borrowing rate.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low value assets are items that do not meet the Group's capitalisation threshold and are considered to be insignificant for the statement of financial position for the Group as a whole. Payments for short-term leases and leases of low value assets are recognised on a straight-line basis in the consolidated statement of profit or loss.

Variable lease payments

Some leases contain variable payments that are linked to the usage/performance of the leased asset. Such payments are recognised in the consolidated statement of profit or loss.

The Group as a lessor

Leases under which the Group does not transfer substantially all the risks and rewards of ownership are classified as operating leases. The initial direct costs incurred in negotiating and arranging the operating lease contract are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Possible rents are recognized when earned.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The initial cost includes the purchase price and any directly attributable cost of bringing the property and equipment to the operating site and ready for use.

Expenses incurred after the operation of property and equipment, such as repairs, maintenance and full refurbishment, are included in the statement of profit or loss and other comprehensive income in the period in which they are incurred. Where it is clearly shown that the expense has resulted in an increase in the future economic benefits expected to be obtained from the use of an asset and equipment to a higher extent than the originally defined benchmark, these expenses are capitalized as an additional cost to the property and equipment.

If significant and important parts of an item of property and equipment have different useful lives, they are accounted for as separate items (key components) of property and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the items of property and equipment. The estimated useful live for the key components of the assets is as follows:

Item	Estimated life (years)
Buildings	30 Years
Central air conditioning equipment	10 Years
Leasehold improvements	20 Years or the lease term, whichever is shorter
Furniture and fixtures	5 – 7 Years
Computer software and devices	5 Years or the license period, whichever is shorter
Electrical equipment and signboards	5 – 7 Years
Vehicles	4 – 5 Years

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss when the asset is derecognised.

The residual value, useful lives and methods of depreciation of property and equipment are reviewed at the end of each reporting period and amendments are processed on a prospective basis, if required.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Project Under Progress

Projects under Progress are stated at cost and an allowance is made for any impairment in value, if any. Projects under progress are classified as property and equipment upon completion of these projects.

Impairment of Non-Financial Assets

The Group assesses at each reporting date 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. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGUs exceeds its recoverable amount, the asset is considered impaired 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, when available, or an appropriate valuation model is used. These values are corroborated by valuation multiples and the prices of the listed assets of the subsidiaries offered for trading or through any other indications for the fair value.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These detailed budgets and forecast calculations are generally covering a period of five years. For the purpose of long period coverage, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit or loss in those expense categories consistent with the function of the impaired asset.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Such reversal is recognized in the statement of profit or loss.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets not at fair value through profit or loss.

Subsequent measurement

The measurement of financial assets depends on their classification, as described below:

Financial assets at amortized cost

Financial assets at amortised value are measured using the effective interest rate (EIR) and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortized cost includes short-term investments and trade receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

De-recognition financial assets

Financial assets are derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay cash flows in full without material delay to a third party under an agreement "transfer"; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into transferring agreement, it evaluates if, and to what extent, it has retained the risks and rewards of asset. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay, whichever is less.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs allowance is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash and cash equivalents

Cash and cash equivalents include cash with banks, petty cash and other short-term highly liquid investments with original maturities of three-months or less from their purchase date.

Time Murabaha Deposit

Time Murabaha deposit represents Islamic Murabaha with local commercial banks that having a maturity of more than three months from the date of acquisition and expected to be sold within one year from the date of the reporting period.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policy of financial assets.

Inventory

Inventory is stated at the lower of cost and net realizable value and the cost is determined using weighted average method.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Letters of Guarantee

The amount paid to secure the letters of guarantee is recognized in non-current assets in the statement of financial position. The account of guaranteed letters shall be closed upon redemption of the insurance amount or when the letter of guarantee is used by the other party.

Available and Visas in use

Purchased Visas

Purchased visas represent payments made to government authorities against issuance of visas for manpower and are recorded at cost.

Visas in use

Visas used in the recruitment and transferred from purchased visas are classifies as visas in use, and are amortized in the statement of profit or loss on a straight-line basis over a period of two years or the duration of the contract whichever is shorter. The amount of the visas used is amortized in the income statement in case of termination of the contract or the existence of an impediment to the continuation of the service. The visas in use are classified as current and non-current assets.

Available Visas

The available visas represent the unused balance of visas purchased as at the date of the consolidated financial statements. The available visa amounts are transferred to the visas in use upon visa stamping for recruited manpower at the embassies of the Kingdom of Saudi Arabia.
Available visas are classified as current assets.

Residential and work permits fees

Residential fees and work permits are amortized in the consolidated statement of profit or loss and other comprehensive income over one year in line with the validity of such permits, except of the residence fees and work permits for employment (new arrival), which are amortized over 15 months from the date of arrival.

Provisions

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Retained Deposits

Retained deposits represent amounts collected in advance from customers and recruitment agencies as security deposit of employment contracts. These amounts are refunded at the end of the contract after deducting the due amounts to the Company or manpower from customers and recruitment agencies. Retained deposits are classified as current and non-current assets.

Employees' defined benefits obligation

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses are recognized immediately in the statement of financial position and in the retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit or loss in subsequent periods.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as financial derivatives designated as hedging instruments in an effective hedge to cover the risks.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on these liabilities are recognized in the statement of profit or loss.

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Derecognition of financial liabilities

Financial liabilities are derecognized when the obligation under the liability is discharged or cancelled or expires.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Revenue recognition

Revenue is mainly generated by providing the manpower services to the customers. The Group recognize the revenue based on the following sequence:

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the contract price.
- Allocate the contract price to the performance obligations.
- Revenue recognized when performance obligations are satisfied.

Revenue is recognized when the performance obligation is satisfied and when the service is rendered to the customer. Performance obligation is the promise of service delivery to the customer. In the meeting of performance obligations, revenue is recorded at the fair value of the service provided and any amounts collected on behalf of any external parties and any price discounts are excluded from the service price.

If the customer service bill includes certain different services, the invoice price is distributed proportionately, and the revenue of the services is realized when the performance obligations are fulfilled, and the service is provided to the customer. The Group provides its services to customers directly and is not considered as an agent for any third parties.

Unearned revenues

Unearned revenues (Deferred) represent amounts collected in advance from customers when signing the contracts for rendering manpower services. These amounts are recognized within revenues in the statement of profit or loss when realized.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenses

All operating expenses are consistently allocated to the cost of revenue, selling and marketing expenses and general and administrative expenses using fixed distribution factors to be determined in proportion to the Group's activities.

Zakat

The Group is subject to zakat in accordance with the Regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the kingdom of Saudi Arabia, and the provision for zakat is charged as an expense to statement of profit or loss other comprehensive income at the date of the financial statement. Any differences in Zakat expense will be settled in the financial year in which the final assessment is being approved, and any differences between Zakat and the final assessment are recognized in the statement of profit or loss.

Contingent events

Contingent liabilities are recognized in the consolidated financial statements only when the use of economic resources to settle an existing or expected legal obligation as a result of past events is probable and the amount expected to be repaid can be estimated substantially. Otherwise, contingent liabilities are disclosed unless the possibility of an economic loss is remote.

Contingent assets are not recognized in the consolidated financial statements but are disclosed when economic benefits arising from past events are probable.

Dividends

When the dividends are declared by the Board of Directors, are being recorded in the profit payable account and deducted from the retained earnings account.

4. ADOPTION OF NEW AND REVISED IFRSs

A) The new and revised IFRSs have been adopted which have no significant impact on the consolidated financial statements

The company has applied the following new and revised International Financial Reporting Standards, which are mandatory effective for an accounting period beginning on or after January 1, 2022. The application of these revised IFRSs has not had any material impact on the amounts reported in these consolidated financial statements.

- Amendments to IFRS 3 Business combination to update a reference to the conceptual framework.
- Amendments to IAS 16 Property, plant and equipment that prevent the company from deducting from the cost of property, plant and equipment amounts received from the sale of items produced during the preparation of the parent company for its intended use.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets related to costs that must be included when assessing whether there are onerous contracts.
- Annual improvements to IFRS 2018-2020 Periodic amendments to IFRS 1 and 9 and 16 and IAS 41

B) The new and revised IFRSs in issue but not yet effective and not early adopted

The company has not applied the following new and revised IFRSs in issue but not yet effective and not early adopted:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely

18

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

4. ADOPTION OF NEW AND REVISED IFRSs (CONTINUED)

Amendments to IFRS 16 *Leases*—Treatment of sale and leaseback transactions	1 January 2024
IFRS 17 *Insurance Contracts* establishes the principles of recognition, measurement, presentation, and disclosure of insurance contracts and replaces IFRS 4 Insurance Contracts.	1 January 2023
Disclosure of accounting policies (amendments to IAS 1 and Statement of Practice 2).	1 January 2023
Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*—Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 *Income Taxes*—Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

Management anticipates that the application of these standards and amendments will take a place upon preparing the consolidated financial statements in the above specified dates and may have no significant impact of the group's consolidated financial statements.

5. CASH AND CASH EQUIVALENT

	2022	2021
	SR	SR
Cash at banks	115,334,919	106,521,903
Petty cash	825,158	1,162,002
	116,160,077	107,683,905

6. TIME MURABHA DEPOSITS

Murabaha term deposits represent Islamic Murabaha held in local banks of high credit standing until maturity dates. The balance as at December 31, 2022 amounted to 140 million Saudi riyals (31 December 2021: 100 million Saudi riyals) displayed according to their maturity dates, 130 million Saudi riyals due during the year 2023, and 10 million Saudi riyals with a maturity of more than 12 months. months as it is related to the company's license issued by the Ministry of Human Resources and Social Development. Revenues generated during the year from Islamic Murabaha amounted to 1,387,529 Saudi riyals (2021: 1,019,749 Saudi riyals).

7. TARDE RECEIVABLES

	2022	2021
	SR	SR
Trade receivables	262,100,444	264,526,041
Less: Expected credit loss provision	(33,498,307)	(34,483,774)
	228,602,137	230,042,267

The Group is dealing with key customers (5 customers), as the outstanding balance as at December 31, 2022 amounted SR 144.7 Million and represent 55% of trade receivables (2021: SR 140.5 Million, 53%).

The movement of expected credit loss provision as the following:

	2022	2021
	SR	SR
Balance as of January 1	34,483,774	32,012,028
(Reversal)\ Additions during the year	(985,467)	4,000,000
Transferred to the holding company (note 26)	-	(1,528,254)
Balance as of December 31	33,498,307	34,483,774

19

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

7. TARDE RECEIVABLES (CONTINUED)

The following are the aging of outstanding trade receivables and have not been impaired:

	2022	2021
	SR	SR
Neither past due nor impaired	118,636,133	134,108,018
From 0 – 60 days	76,055,198	78,489,441
From 61 – 120 days	15,374,161	3,832,417
From 121 – 150 days	3,869,289	2,817,979
More than 151 days	48,165,663	45,278,186
	262,100,444	264,526,041

8. PREPAYMENTS AND OTHER DEBIT BALANCES

	2022	2021
	SR	SR
Recruitment fees	114,393,872	74,607,219
Residence and work permit fees	71,180,476	150,873,412
Advances to suppliers	22,430,376	14,987,915
Insurance and medical examination	14,158,333	13,803,087
Prepaid employees' benefits	5,831,587	7,003,551
Prepaid expenses	3,209,623	-
Advances payments for joint ventures investments	3,150,000	-
Accrued revenues for Islamic Murabaha	1,146,265	474,421
Bank letters of guarantee	245,108	1,911,000
Property insurance	-	715,801
Others	1,857,082	1,762,562
	237,602,722	266,138,968

9. RELATED PARTIES' BALANCES AND TRANSACTIONS

The related parties represent major shareholders, directors and top management personnel of the Group, the controlled entities or those subject to significant influence by these parties. The benefits paid to the senior management staff of the Group include salaries and other benefits.

The material transactions with related parties and the approximate amounts related thereto are as follows:

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

9. RELATED PARTIES' BALANCES AND TRANSACTIONS (CONTINUED)

Related party	Nature of relation	Nature of transaction	2022	2021
			SR	SR
Integrated Solution Holding Company	Parent Company	Dividends	(78,657,135)	137,711,819
		Shared services (HR and legal affairs)	1,092,090	-
		Affiliates net liabilities reconciling	(6,956,691)	-
		Transferred from projects under progress liabilities	-	(4,743,169)
		Transferred from employees' defined benefits obligation	-	(1,503,777)
		Expenses paid on behalf	-	3,762,184
		Rental expenses	300,000	300,000
Saudi Facility Management Company	Affiliate	Manpower services and others	45,357,070	48,541,468
		Operation and maintenance costs	(9,897,418)	(9,586,102)
		Affiliates net liabilities reconciling	(17,258,239)	(27,600,000)
		Expenses paid on behalf	2,134,688	-
Saudi Medical Services Company	Affiliate	Manpower services and others	12,566,815	8,862,148
		Affiliates net liabilities reconciling	24,214,930	(31,128,522)
		Expenses paid on behalf	12,900	-
Senior to management personnel and board of directors	Top Management	Manpower services and others	1,060,711	1,111,811
Senior to management personnel	Top Management	Salaries and remunerations	6,540,522	7,790,000
Members of board of directors	Shareholder	Remunerations	200,000	2,550,000

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

9. RELATED PARTIES' BALANCES AND TRANSACTIONS (CONTINUED)

The following balances have raised from those transactions:
The due balance from related parties as at December 31 is as follows:

	2022	2021
	SR	SR
Saudi Facility Management Company	5,755,427	22,975,893
Esnad Building Cleaning Services Company (consolidated)	5,051,782	-
Saudi Medical Services Company	5,050,248	-
Areeb For Human Resource Company	1,035,825	-
Terhab for Customer Experience Co.	-	1,096,349
	16,893,282	24,072,242

The due balance to the related parties as at December 31. is as follows:

	2022	2021
	SR	SR
Integrated Solution Holding Company	923,759	2,484,762
Saudi Medical Services Company	-	24,214,931
Romoz Al-tatwer For telecom & Information Technology Company	-	1,066,716
	923,759	27,766,409

10. VISAS IN USE

The following is the movement of visas in use:

	2022	2021
	SR	SR
Balance as of January 1	26,444,687	17,222,652
Available visas in use during the year (note 11)	32,304,283	29,892,000
Amortization during the year	(30,950,575)	(20,098,965)
Charged to trade payables	(878,787)	(571,000)
Balance as of December, 31	26,919,608	26,444,687
Less: Current portion	(21,055,426)	(17,807,695)
Non-current portion	5,864,182	8,636,992

11. AVAILABLE VISAS

The available visas represent unused visas' balance up to the date of the consolidated financial statements. The available visa amounts are transferred to visas in use upon stamping the visas' of the recruited manpower and their arrival to the Kingdom of Saudi Arabia.
The following is the movement of available visas:

	2022	2021
	SR	SR
Balance as of January 1	27,776,000	27,808,000
Purchased visas during the year, net	40,089,000	29,860,000
Transfer to visas in use (note 12)	(32,304,283)	(29,892,000)
Balance as of December 31	35,560,717	27,776,000

22

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

12. PROPERTY AND EQUIPMENT

	Lands	Buildings	Central air conditioning equipment	Leasehold improvements	Furniture and Fixtures	Computers software and devices	Electrical equipment and signboards	Vehicles	Total
	SR	SR	SR	SR	SR	SR	SR	SR	SR
Cost									
January 1, 2021	115,818,953	39,144,921	4,173,086	15,905,513	13,024,253	25,057,968	13,686,212	86,660,190	313,471,096
Additions	-	-	-	581,636	1,270,943	2,874,739	778,272	1,112,061	6,617,651
Transfer from projects under progress	-	-	-	1,630,296	-	2,620,500	-	-	4,250,796
Disposals	(11,425,375)	-	-	-	-	-	-	(19,969,753)	(31,395,128)
Transferred to the holding Company	(47,143,594)	-	-	(973,514)	(799,457)	(721,349)	(1,605,881)	(100,000)	(51,343,795)
December 31, 2021	57,249,984	39,144,921	4,173,086	17,143,931	13,495,739	29,831,858	12,858,603	67,702,498	241,600,620
Additions	-	-	-	993,722	2,450,122	2,433,350	988,742	9,043,101	15,909,037
Acquisition of subsidiaries	-	-	-	16,326	294,704	1,561,674	-	-	1,872,704
Disposals	(2,684,759)	-	-	-	-	(2,636,503)	(69,244)	(852,573)	(6,243,079)
Transferred to the holding Company	-	-	-	(2,248,688)	(150,139)	(784,836)	(26,550)	(358,913)	(3,569,126)
December 31, 2022	**54,565,225**	**39,144,921**	**4,173,086**	**15,905,291**	**16,090,426**	**30,405,543**	**13,751,551**	**75,534,113**	**249,570,156**
Accumulated Depreciation									
January 1, 2021	-	-	-	10,542,734	6,056,640	12,565,232	5,651,624	52,352,361	87,168,591
Depreciation for the year	-	1,308,338	417,309	2,685,178	1,720,499	3,866,374	1,753,506	11,816,240	23,567,444
Disposals	-	-	-	-	-	-	-	(19,378,963)	(19,378,963)
Transferred to the holding company (note 1-B)		-	-	(490,296)	(330,499)	(323,357)	(442,058)	(20,000)	(1,606,210)
December 31, 2021	-	1,308,338	417,309	12,737,616	7,446,640	16,108,249	6,963,072	44,769,638	89,750,862
Depreciation for the year	-	1,304,831	417,310	1,088,517	1,495,453	4,550,405	1,297,098	11,151,447	21,305,061
Discontinued operations charge				709,189	26,270	60,201	4,068	55,302	855,030
Disposals	-	-	-	(9,746)	-	(1,988,507)	(23,799)	(548,190)	(2,570,242)
Transferred to the holding company (note 1-B)	-	-	-	(1,213,137)	(34,204)	(89,075)	(5,277)	(97,520)	(1,439,213)
December 31, 2022	-	**2,613,169**	**834,619**	**13,308,685**	**8,932,747**	**18,646,450**	**8,235,162**	**55,330,677**	**107,915,126**
Net Book Value									
December 31, 2022	**54,565,225**	**36,531,752**	**3,338,467**	**2,596,606**	**7,157,679**	**11,759,093**	**5,516,389**	**20,203,436**	**141,655,030**
December 31, 2021	57,249,984	37,836,583	3,755,777	4,406,315	6,049,099	13,723,609	5,895,531	22,932,860	151,849,758

23

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

12. PROPERTY AND EQUIPMENT (CONTINUED)

The depreciation for the year ended December 31 is as follows:

	2022	2021
	SR	SR
Cost of revenue	18,017,205	20,069,014
General and administrative expenses (Note 22)	2,947,279	3,024,799
Marketing expenses (Note 23)	340,577	473,631
Discontinued operations charge	855,030	-
	22,160,091	23,567,444

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The carrying amounts of the Group's Right-of-Use assets and lease liabilities and the movements during the year are as the following:

	2022	2021
	SR	SR
RIGHT-OF-USE ASSETS		
As at 1 January	40,184,948	34,678,971
Additions during the year	8,296,136	27,550,691
Disposals during the year	(2,923,927)	(2,717,024)
Transferred to the holding company (Note 26)	(1,874,147)	(5,242,821)
Total	43,683,010	54,269,817
Depreciation during the year	(12,952,570)	(14,084,869)
As at 31 December	30,730,440	40,184,948

	2022	2021
LEASE LIABILITIES	SR	SR
As at 1 January	36,582,034	28,543,708
Additions during the year	8,296,136	27,550,691
Disposals during the year	(2,090,945)	(2,662,180)
Transferred to the holding company (Note 26)	(2,631,610)	(3,935,167)
Total	40,155,615	49,497,052
Cost of financing leases	1,138,892	1,109,257
Payments during the year	(14,733,308)	(14,024,275)
As at 31 December	26,561,199	36,582,034
Less: Current portion	(8,713,558)	(12,892,061)
Non-current portion	17,847,641	23,689,973

14. INVESTMENT PROPERTY

This item represents the value of commercial land owned by the Company for the purpose of investment in the Kingdom of Saudi Arabia. The historical cost was SR. Nil as at December 31, 2022 (2021: SR Nil).

	2022	2021
	SR	SR
Balance at January 1	-	26,906,000
Transferred to the holding company (Note 26)	-	(26,906,000)
Balance at December 31	-	-

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

15. PROJECT UNDER PROGRESS

The movement on projects under progress for the year ended as at December 31, 2022:

	January 1, 2022	Additions	December 31, 2022
	SR	SR	SR
Accommodation Complex project	14,282,827	13,392,049	27,674,876
Electronic software	723,336	6,189,563	6,912,899
Leasehold improvements	7,499	-	7,499
	15,013,662	19,581,612	34,595,274

The movement on projects under progress for the year ended as at December 31, 2021:

	January 1, 2021	Additions	Transfer to Property and equipment	Transferred to the holding Co. (Note 26)	December 31, 2021
	SR	SR	SR	SR	SR
Head office Building	28,675,065	-	-	(28,675,065)	-
Accommodation Complex project	10,640,477	3,642,350	-	-	14,282,827
Leasehold improvements	1,637,795	-	(1,630,296)	-	7,499
Electronic programs	2,820,500	523,336	(2,620,500)	-	723,336
Others	565,905	-	-	(565,905)	-
	44,339,742	4,165,686	(4,250,796)	(29,240,970)	15,013,662

16. RETAINED DEPOSITS

	2022	2021
	SR	SR
Deposits from customers	108,267,262	104,317,336
Deposits from recruitment agencies	-	5,081,789
	108,267,262	109,399,125
Less: current portion	(53,110,559)	(49,248,062)
Non-current portion	55,156,703	60,151,063

17. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	2022	2021
	SR	SR
Vacations and tickets	91,328,824	88,017,236
Salaries and other benefits	39,361,561	49,615,221
Value added tax payable	21,578,564	19,181,490
Others	9,937,856	10,174,313
	162,206,805	166,988,260

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

18. ZAKAT PROVISION

Zakat expenses are calculated on the basis of the adjusted net income or the Zakat base, whichever is higher, according to the regulations of the Zakat, Tax & Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. The zakat provision has been calculated in the current year on the basis of the Group's adjusted net income method.
The movement in zakat provision is represented in the following:

	2022	2021
	SR	SR
Balance as at January 1	9,103,462	11,823,717
Zakat charged on profit or loss	11,709,356	7,884,034
Paid during the year	(11,251,666)	(10,430,325)
Transferred to the holding company (note 1)	-	(173,964)
Balance as at December 31	9,561,152	9,103,462

Zakat status for parent company
The Company submitted its Zakat returns for all years up to 2021, and the company obtained the zakat certificates for these years. In addition, the Zakat, Tax & Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia issued a final assessment until 2018, as the zakat return for the years 2019 - 2021 is still being reviewed by ZATCA.

Zakat status for subsidiaries
The Company submitted its Zakat returns for all the years up to 2021 and obtained the zakat certificate for these years. The company did not receive any final assessment till the date of the financial statements.

19. EMPLOYEES' DEFINED BENEFIT OBLIGATION

The movement of employees' defined benefits obligation is as the following:

	2022	2021
	SR	SR
Balance as at January 1	75,805,198	72,731,537
Current service costs	29,537,054	28,019,410
Interests' costs	1,187,523	1,276,790
Actuarial re-measurement charged to OCI	(901,593)	(63,384)
Transferred to the holding company (Note 26)	(64,005)	(663,326)
Transfers	607,307	(1,503,777)
Acquisition of subsidiaries	346,607	-
Paid during the year	(21,201,174)	(23,992,052)
Balance as at December 31	85,316,917	75,805,198

The sensitivity analysis for major actuarial assumptions are as follows:

	2022		2021	
	Employees	Labour	Employees	Labour
	%	%	%	%
Discount rate	4,2	4,2	1,8	1,8
Expected salary increase rate	2,8	2,8	2,2	2,2
Retirement age / assumed exit	7,8 years	2,5 years	8,3 years	2,7 years

26

19. EMPLOYEES' DEFINED BENEFIT OBLIGATION (CONTINUED)

Sensitivity analyses of employees' defined benefits obligations have been prepared based on the manner in which the impact is based on the obligation of the defined benefits as a result of reasonable changes in the key assumptions occurring at the end of the financial year. Sensitivity analyses are based on the change in the fundamental assumption, assuming all other assumptions are consistent. Sensitivity analyses may not be indicative of the actual change in the defined benefits obligation, and it is unlikely that changes in assumptions will occur in isolation.

	2022		2021	
	%	SR	%	SR
Discount rate				
Increase	+1%	82,065,043	%+1	73,086,102
Decrease	-1%	87,299,092	%-1	78,448,985
Expected salary increase rate				
Increase	+1%	87,735,409	%+1	78,791,586
Decrease	-1%	81,606,512	%-1	72,713,665

Risks related to employees' defined benefits obligations:

Salaries increase risks:
The most common type of retirement benefits is the one in which benefits are linked to final salaries. Risks arise when actual increases are higher than expected and therefore affect the obligation.

Withdrawal risks:
Actual withdrawal risks that vary with valuation assumptions can impose risks to benefits obligations. The movement in commitment can be launched in both directions.

20. STATUTORY RESERVE

As required by the Saudi Arabia Regulations for Companies and bylaws of the company, the Company shall transfer 10% of its net profit to establish a statutory reserve until the reserve equals 30% of capital.

21. REVENUES

In the following table, revenue has been classified by segment type, as intra-group revenue is eliminated upon consolidation:

	2022	2021
	SR	SR
Sector		
Business	1,305,108,543	1,207,826,732
Individuals	534,780,365	507,934,444
Total	1,839,888,908	1,715,761,176

The Group follows the policy of revenue recognition over time; accordingly, all revenue is recognized over the period of the contract in which the services are rendered.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

22. GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
	SR	SR
Salaries, other benefits	**26,585,648**	33,755,085
Cleaning and maintenance	**3,252,878**	2,231,943
Depreciation	**2,947,279**	3,024,799
Licences and subscriptions	**2,273,318**	3,938,347
Depreciation of Right-of-Use Assets	**1,590,924**	3,021,312
Professional fees and consolations	**1,577,742**	5,523,853
Communications	**1,345,805**	1,298,942
Leases	**624,804**	51,985
Utilities	**440,915**	321,174
Stationery	**82,076**	286,829
IT services charges	-	2,800,442
Others	**4,129,211**	5,075,675
	44,850,600	61,330,386

23. MARKETING EXPENSES

	2022	2021
	SR	SR
Marketing and advertising	**12,430,020**	10,494,565
Salaries, Other benefits	**6,604,292**	8,008,758
Bank charges	**5,598,300**	6,074,105
Loyalty points	**4,515,657**	2,024,992
Incentives and commissions	**1,534,488**	4,289,743
Maintenance and cleaning	**1,053,715**	2,346,638
Depreciation of Right-of-Use Assets	**922,675**	1,757,699
Depreciation	**340,577**	473,631
Utilities	**47,041**	354,123
Communications	**27,600**	139,791
Customer services charges	-	11,203,690
Others	**234,257**	1,264,500
	33,308,622	48,432,235

24.COST OF FINANCING EMPLOYEES' BENEFITS OBLIGATION AND LEASES

	2022	2021
	SR	SR
Interest cost of employees' defined benefits obligation	**1,187,523**	1,276,790
Interest cost of lease obligation	**1,138,892**	1,109,257
	2,326,415	2,386,047

28

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

25. OTHER INCOME, NET

	2022	2021
	SR	SR
Gains on sale of property and equipment	5,378,218	6,877,808
Human Resources Development Fund	2,125,341	370,490
IFRS 16 contracts adjustments effect	1,953,377	-
Islamic Murabaha revenues	1,387,529	1,019,749
Shared services revenues	1,192,973	-
Gain from revaluation of assets investment at fair value through profit or loss	601,135	69,902
Cash distributions – assets investment at fair value through profit or loss	-	97,346
Other	372,155	(8,960)
	13,010,728	8,426,335

26. DISCONTINUED OPERATIONS

As indicated in Note (1-A), the Group has decided to transfer the investment in ESNAD BUILDING CLEANING SERVICES COMPANY and AREEB FOR HUMAN RESOURCES COMPANY to Integrated Solutions Company (the "Holding"), for the purpose of restructuring the company to align with future plans, and based on the multiple meetings of the Board of Directors on December 11, 2022 and February 12, 2023 respectively in which the management decided to complete the restructuring process by transferring the ownership of subsidiaries at their book value to Integrated Solutions Company (the "Holding") within legal agreements concluded on November 30, 2022, The performance of the above two companies for the period ending on the date of transfer (30 November 2022G) are presented in the consolidated profit or loss statement as follows:

	For the period ending 30 November, 2022
Revenues	8,071,424
Cost of revenues	(8,236,769)
Gross loss	(165,345)
General and administrative expenses	(7,615,397)
Marketing expenses	(1,747,342)
Operating losses	(9,528,084)
Other income	298,931
Loss before Zakat	(9,229,153)
Zakat	-
Loss for the year from **discontinuous operations**	(9,229,153)

29

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

26. DISCONTINUED OPERATIONS (CONTINUED)

Details of the transferred assets and liabilities of ESNAD BUILDING CLEANING SERVICES COMPANY as at November 30, 2022:

	November 30,2022
ASSETS	
Current assets	
Cash and cash equivalents	1,897,282
Prepayments and other debit balances	3,553,338
Total current assets	5,450,620
Non-current assets	
Property and equipment	1,672,501
Right-of-use assets	1,874,147
Total non-current assets	3,546,648
TOTAL ASSETS	8,997,268
LIABILITIES AND EQUITY	
Liabilities	
Current liabilities	
Unearned revenues	849,693
Accrued expenses and other credit balances	409,621
Due to related parties	4,880,520
Total current liabilities	6,139,834
Non-current liabilities	
Employees' defined benefit obligation	123,824
Lease liabilities	2,631,610
Total non-current liabilities	2,755,434
TOTAL LIABILITIES	8,895,268
Equity	
Share capital	102,000
Total equity	102,000
TOTAL LIABILITIES AND EQUITY	8,997,268

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

26. DISCONTINUED OPERATIONS (CONTINUED)

- Details of the transferred assets and liabilities of AREEB FOR HUMAN RESOURCES COMPANY as at November 30, 2022:

	November 30, 2022
ASSETS	
Current assets	
Cash and cash equivalents	814,786
Trade receivables	351,239
Prepayments and other debit balances	569,722
Due from related parties	12,228
Total current assets	1,747,975
Non-current assets	
Property and equipment	605,075
Total non-current assets	605,075
TOTAL ASSETS	2,353,050
LIABILITIES AND EQUITY	
Liabilities	
Current liabilities	
Retained deposits - current portion	803,499
Trade payables	19,355
Accrued expenses and other credit balances	395,099
Total current liabilities	1,217,953
Non-current liabilities	
Employees' defined benefit obligation	135,097
Total non-current liabilities	135,097
TOTAL LIABILITIES	1,353,050
Equity	
Share capital	1,000,000
Total equity	1,000,000
TOTAL LIABILITIES AND EQUITY	2,353,050

As indicated in Note (1-B), on January 5, 2021, the company' board of directors have resolved to establish a holding company and transferring the assets and the investment in the subsidiaries to the holding company for the purpose of complying with the requirements of practicing the recruitment activity and providing the manpower services, which restrict the company to practice any activities other than licensed activities. Based on the unordinary general assembly's meeting, held on December 19, 2021, which resolved to authorize the board of directors to complete the restructuring process through transferring the property assets, the subsidiaries, and the shareholders' shares to the Integrated Solutions Holding Company (the "Holding"), under legal agreements held on December 31, 2021, not yet finalizing till date of financial Statement.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

26. DISCONTINUED OPERATIONS (CONTINUED)

Details of the transferring process are as follows:

- First stage (Para A): transferring property assets from the company to the holding Company.
- Second stage (Para A) transferring the subsidiaries from the company to the holding Company.
- Third stage (Para B): transferring the company's shareholders shares to the holding Company.

(A) The company has held agreements to transfer the real estate assets and its subsidiaries to the holding Company as same their book value commencing January 1, 2022, the Company and the transferred assets are under joint control as shareholders own similar shares in the holding Company. The below table shows the details of the transferred assets and liabilities as at the transaction's date:

	January 1, 2022 (Saudi Riyal)
First stage:	
Projects under progress – head office building	28,675,065
Property and equipment – land of the head office building	47,143,594
Investment property – Garnada land	26,906,000
Second stage:	
Cash and cash equivalent	9,020,570
Trade receivables, net	19,907,108
Prepayments and other debit balances	3,223,338
Inventory	2,300,100
Due from related parties	1,265,711
Property and equipment – Net	2,593,991
Projects under progress	565,905
Right of use assets	5,242,821
Retained deposits	(2,491,557)
Trade payable	(3,856,471)
Accrued expenses and other credit balances	(5,276,965)
Due to related parties	(17,950,994)
Leases liabilities	(3,935,167)
Employees' defined benefits obligation	(663,326)
Zakat provision	(173,964)
Net book value of the transferred assets and liabilities	112,495,759
Compensated as follows:	
Retained earnings	112,495,759
Net transferred assets	112,495,759

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

26. DISCONTINUED OPERATIONS (CONTINUED)

Comparative figures for the outcomes of the discontinued businesses of the subsidiaries have been represented in an independent item in the consolidated statement of profit or loss and other comprehensive income to conform the current overall presentation as stated below:

	2020	Reclassification	Impact of disposal subsidiaries' discontinued transactions	2020
	SR	SR	SR	SR
Revenues	1,854,713,638	(84,286,534)	46,967,399	1,817,394,503
Cost of revenues	(1,591,601,655)	71,611,402	(44,309,304)	(1,564,299,557)
General and administrative expenses	(60,773,613)	8,150,963	(1,173,772)	(53,796,422)
Marketing expenses	(48,091,484)	2,606,936	(1,484,323)	(46,968,871)
Expected credit losses	(1,122,185)	1,122,185	-	-
Finance costs	(2,633,939)	152,255	-	(2,481,684)
Other revenues, net	703,527	(170,786)	-	532,741
Zakat	(13,156,911)	144,447	-	(13,012,464)
Losses of re-measurement for employees' defined benefits obligations -OCI	(1,173,021)	(44,408)	-	(1,217,429)
Profit of the year from discontinued operations	-	713,540	-	713,540
Total comprehensive income for the year	136,864,357	-	-	136,864,357

(B) The Company's shareholders have made an agreement to transfer all their shares in the company to the holding Company as same shares' book value, the agreement included transferring all equities and liabilities associated to the shares and their economic interests commencing to January 1, 2021, but excluded the right to receipt all paid profit in cash to the shareholders during the year, which amounted to SR. 125,000,000.

27. EARNINGS PER SHARE

Basic earnings per share is calculated from key operations and profit for the year by dividing key operations' income and profit for the year by the weighted average number of outstanding shares amounting to 40 million shares.

28. FINANCIAL INSTRUMENTS

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Commission rate risk
- Currency risk:
- Liquidity risk

As with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This disclosure describes the Group's objectives, policies, and operations; to manage those risks and the methods used to measure them. Further quantitative information regarding these risks is presented throughout these consolidated financial statements.
There were no material changes in the Group's exposure to financial management risks, and its objectives, policies, and operations; to manage those risks, or the methods used to measure them from previous periods, unless otherwise stated in this note.

28. FINANCIAL INSTRUMENTS (CONTINUED)

The main financial instruments

The main financial instruments used by the Group and from which financial instrument risks arise are as follows:

- Trade receivables
- Other debit balances
- Cash and cash equivalents
- Trade payables
- Loans
- Lease liabilities
- Accrued expenses and other credit balances.

Fair value and its hierarchy

The Group measures financial instruments at fair value at the date of preparation of the consolidated financial statements. Where such measurement is required by the applicable financial reporting framework, or the Group has an option and has elected to do so under permitted accounting policies or where the Group is required to disclose the fair value in these consolidated financial statements. Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, it will be in the most advantageous market for the asset or liability.

The group must have access to the principal market or the most advantageous market. 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 highest and best use of the asset, or by selling it to another market participant that would use 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 that are measured at fair value or disclosed in the consolidated financial statements are categorized within the fair value hierarchy. This hierarchy is described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted market prices (unadjusted) for identical assets or liabilities.

Level 2: Valuation techniques that can be determined directly or indirectly from the lowest level input that is significant to the fair value measurement.

Level 3: Valuation techniques that cannot be observed at the lowest level input that is significant to the fair value measurement.

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 reassessing categorization (based on the lowest level input that is significant to the fair value measured as a whole) at the end of each reporting period. The Group determines policies and procedures for both recurring and non-recurring fair value measurement. External valuers are involved in the valuation of significant assets. The group decides to participate in the external evaluators after discussing it with the audit committee of the group. Selection criteria include market knowledge, reputation, independence, and whether professional standards are maintained. The group, after discussions with the external evaluators, decides which assessment methods and inputs to use for each case.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

28. FINANCIAL INSTRUMENTS (CONTINUED)

At each reporting date, the Group analyses movements in the values of assets and liabilities that are required to be re-measured or re-evaluated in accordance with the Group's accounting policies. For this analysis, the Group verifies the main inputs applied in the final valuation by agreeing information in the valuation calculation for contracts and other relevant documents. The Group also compares the change in the fair value of 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.

Financial instruments by category
Financial assets/liabilities at amortized cost:
Financial assets:

	(Saudi Riyals)	
	December 31, 2022	December 31, 2021
Cash and cash equivalents	**116,160,077**	107,683,905
Time Murabaha deposits – current portion	**130,000,000**	90,000,000
Trade receivables	**228,602,137**	230,042,267
Prepayments and other debit balances	**237,602,722**	266,138,968
Total financial assets	712,364,936	693,865,140

Financial liabilities:

	(Saudi Riyals)	
	December 31, 2022	December 31, 2021
Non-current:		
Retained deposits – non-current portion	**55,156,703**	60,151,063
Lease liabilities	**17,847,641**	23,689,973
Current:		
Retained deposits - current portion	**53,110,559**	49,248,062
Trade payables	**10,831,089**	8,060,290
Lease liabilities	**8,713,558**	12,892,061
Accrued expenses and other credit balances	**162,206,805**	166,988,260
Total financial liabilities	307,866,355	321,029,709

Financial instruments carried at fair value in these consolidated financial statements as at December 31, 2022 amounted SR 516,834 and (2021:SR 2,564,597).

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

28. FINANCIAL INSTRUMENTS (CONTINUED)

Objectives, general policies and operations

The Board of Directors has overall responsibility for defining the Group's risk management objectives and policies, and while it retains ultimate responsibility for them, it has delegated authority to design and operate processes that ensure effective implementation of the objectives and policies to the Group Managing Director. The Board of Directors receives monthly reports from the Managing Director of the Group, through which it reviews the effectiveness of the applied operations and the appropriateness of the objectives and policies it sets.

The overall objective of the Board of Directors is to establish policies that seek to limit risks to the maximum extent possible, without affecting the competitiveness and resilience of the Group. Below are more details about these policies:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed mainly to credit risk from credit sales. It is the Group's policy, implemented locally, to assess the credit risk of new customers before entering into contracts. These credit ratings are taken into account by local business practices.

The Group has established a credit policy under which each new customer is analysed individually, for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The group audit includes external evaluations, when available, and in some cases a bank audit. Purchase limits are set for each client, which represents the maximum amount opened without the need for the approval of the Managing Director.

The Group determines concentrations of credit risk, by monitoring the credit rating of existing customers on a semi-annual basis, and through a monthly review of aging analysis of receivables. In monitoring customers' credit risk, customers are grouped according to their credit characteristics. Customers categorized as "high risk" are placed on the restricted customer list, and future credit sales are only made with advance payment.

Credit risk also arises from cash with banks and financial institutions.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date as summarized below:

	(Saudi Riyals)	
	December 31, 2022	December 31, 2021
Cash and cash equivalents	**115,334,919**	106,521,903
Time Murabaha deposits – current portion	**130,000,000**	90,000,000
Trade receivables	**228,602,137**	230,042,267
Prepayments and other debit balances	**6,680,855**	4,863,784
Investment at fair value through profit or loss	**516,834**	2,564,597
Total financial assets	**481,134,745**	433,992,551

The carrying amount of financial assets represents the maximum credit risk. Credit risk on receivables and bank balances is limited as follows:

- Cash balances are held with banks with good credit rating.
- Trade receivables are shown net of allowance for impairment.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

28.FINANCIAL INSTRUMENTS (CONTINUED)

Commission rate risk

Commission rate risk represents the risk resulting from the fluctuation of the value of financial instruments due to changes in commission rates prevailing in the market. The Group manages commission rate risk by monitoring changes in commission rates on an ongoing basis.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises from recognized assets and liabilities that are denominated in currencies other than the Group's functional currency. The Group does not believe that it is exposed to significant currency risk as the majority of the Group's transactions and balances are denominated in Saudi Riyals, UAE Dirhams, US Dollars or Euros. The currency of the Group's activity is pegged to the US dollar. The Group's transactions in currencies other than Saudi Riyals or US Dollars are not significant.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or any other financial asset. Prudent liquidity risk management involves maintaining sufficient cash and marketable securities, and availability of funding, through an adequate amount of committed credit facilities.

The Group's liquidity management includes forecasting cash flows, considering the level of liquid assets needed to meet, monitoring liquidity ratios and maintaining debt financing plans.

The table below analyses the Group's financial liabilities by relevant maturity groups based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual cash flows.

31 December, 2022	Less than one year	More than one year and less than five years	Total
Retained deposits	53,110,559	55,156,703	108,267,262
Lease liabilities	8,713,558	17,847,641	26,561,199
Trade payables	10,831,089	-	10,831,089
Accrued expenses and other credit balances	162,206,805	-	162,206,805
Total	234,862,011	73,004,344	307,866,355

31 December, 2021	Less than one year	More than one year and less than five years	Total
Retained deposits	49,248,062	60,151,063	109,399,125
Lease liabilities	12,892,061	23,689,973	36,582,034
Trade payables	8,060,290	-	8,060,290
Accrued expenses and other credit balances	166,988,260	-	166,988,260
Total	237,188,673	83,841,036	321,029,709

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the consolidated financial statements (Continued)
For the year ended December 31, 2022

28.FINANCIAL INSTRUMENTS (CONTINUED)

Capital management

The Board of Directors' policy is to maintain an adequate capital base in order to maintain the confidence of investors, creditors and the market and to continue the development of its future activity. The Board of Directors monitors the return on capital employed and the level of dividend payments to shareholders.

When managing capital, the Group aims to:
A) Ensuring the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
B) Providing an adequate return to the shareholders.

29.CONTINGENT LIABILITIES

Guarantees

On December 31, 2022, the Company had a guarantee of SR10 million (2021: SR 10 million) which is related to the company license issued by the Ministry of Human Resources and Social Development (Note 6).

Capital commitments

The company has capital commitments of SR 5.06 million as at December 31, 2022 (2021: SR 1 million) for projects under progress.

Legal claims

The Group faces legal suits during the regular business cycle, which are being defended. While the final results of these suits cannot be certainty determined. Management does not expect a material adverse impact on the Group's consolidated financial statements.

30.REMUNERATION OF BOARD OF DIRECTORS

The remuneration of the Board of Directors for the year ended December 31, 2022 amounted to SR 200,000 (2021: SR 2,550,000).

31.Dividends:

The shareholders' general assembly held during the year have approved to distribute dividends, the total year's dividends amounted to SR 108,657,135 (2021: SR 262,711,819).

32.SUBSEQUENT EVENTS

Management believes that no subsequent events since the year end, which require a disclosure or an amendment to these consolidated financial statements.

33.APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Board of Directors in Ramadan 11, 1444 H. (corresponding to April 2, 2023G).

SAUDI MANPOWER SOLUTIONS COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

Interim condensed consolidated financial statements
(unaudited)
For the three-month and nine-month periods ended 30 September 2023
together with the
Independent Auditor's Review Report

SAUDI MANPOWER SOLUTIONS COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023

الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

Head office: Moon Tower 8 Floor
P.O. Box 8736, Riyadh 11492
Unified Number : 92 002 4254
Fax : +966 11 278 2883

Independent Auditor's report on the review of interim condensed consolidated financial statements

To the Shareholders of
Saudi Manpower Solutions Company
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Manpower Solutions Company ("the Company") and its subsidiaries ("the Group") as of 30 September 2023, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard No. (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 interim condensed consolidated financial statements is not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

Other matter

The interim condensed consolidated financial statements of the Group for the three-month and nine-month periods ended 30 September 2022, were reviewed by another auditor who expressed an unmodified conclusion of those interim condensed consolidated financial statements on 17 Jumada Al-Awal 1444H, (corresponding 11 December 2022). Further, the Group's consolidated financial statements for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 28 Ramadan 1444H (corresponding 19 April 2022).

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
License No. 362

Riyadh on: 18 Rabi-Al-Thani 1445 (H)
Corresponding to: 2 November 2023 (G)

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Interim condensed consolidated Statement of Financial Position (Unaudited)

	Notes	30 September 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS		(Expressed in Saudi Riyals)	
Non-current assets			
Property and equipment, net	3	**138,171,990**	141,655,030
Right-of-use assets		**25,647,398**	30,730,440
Projects under construction	4	**39,865,194**	34,595,274
Time murabaha deposits - noncurrent portion	5	**10,000,000**	10,000,000
Visas in use – noncurrent portion	8	**5,588,063**	5,864,182
Advance payments for acquisition of long-term investments		**6,900,000**	3,150,000
Total non-current assets		**226,172,645**	225,994,926
Current assets			
Cash and cash equivalent		**44,116,965**	116,160,077
Time murabaha deposits - current portion	5	**285,000,000**	130,000,000
Investments at fair value through profit or loss		**1,747,259**	516,834
Trade receivables, net	6	**292,980,207**	228,602,137
Prepayments and other debit balances	7	**175,527,254**	234,452,722
Visas in use - current portion	8	**14,545,795**	21,055,426
Available visas	9	**37,227,017**	35,560,717
Due from related parties	17	**18,942,093**	16,893,282
Total current assets		**870,086,590**	783,241,195
TOTAL ASSETS		**1,096,259,235**	1,009,236,121
LIABILITIES AND EQUITY			
Equity			
Share capital	1	**400,000,000**	400,000,000
Statutory reserve	1	**92,154,003**	92,154,003
Retained earnings		**107,952,698**	36,125,882
Total equity		**600,106,701**	528,279,885
LIABILITIES			
Non-Current liabilities			
Employees' defined benefits obligation		**96,030,734**	85,316,917
Retained deposits – noncurrent portion		**59,118,935**	55,156,703
Lease liabilities - noncurrent portion		**17,197,652**	17,847,641
Total non-current liabilities		**172,347,321**	158,321,261
Current liabilities			
Retained deposits - current portion		**46,244,177**	53,110,559
Unearned revenues		**51,230,874**	77,288,053
Trade payables		**24,337,220**	10,831,089
Accrued expenses and other credit balances		**188,002,289**	162,206,805
Due to related parties	17	**968,470**	923,759
Lease liabilities - current portion		**4,665,819**	8,713,558
Zakat provision	10	**8,356,364**	9,561,152
Total current liabilities		**323,805,213**	322,634,975
TOTAL LIABILITIES		**496,152,534**	480,956,236
TOTAL LIABILITIES AND EQUITY		**1,096,259,235**	1,009,236,121

The accompanying notes from (1) to (20) form an integral part of these interim condensed consolidated financial statements.

Finance Senior Director	**Chief Financial Officer**	**Chief Executive Officer**
Alaa Al Essawi	Adnan Ali	Ayman Altammami

2

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Interim condensed consolidated statement of profit or loss and other comprehensive income
For the three-month and nine-month periods ended 30 September 2023 (Unaudited)
(Expressed in Saudi Riyals)

	Notes	For the three-month period ended		For the nine-month period ended	
		30 September 2023 (Unaudited)	30 September 2022 (Restated -Note14)	30 September 2023 (Unaudited)	30 September 2022 (Restated -Note14)
Revenues	11,16	**455,606,207**	463,191,405	**1,366,827,653**	1,362,591,919
Cost of revenues	16	**(393,890,169)**	(407,880,077)	**(1,191,766,574)**	(1,187,165,431)
Gross profit		**61,716,038**	55,311,328	**175,061,079**	175,426,488
General and administrative expenses		**(11,753,837)**	(14,625,978)	**(36,895,091)**	(35,483,449)
Selling and marketing expenses		**(5,829,513)**	(6,308,340)	**(15,270,990)**	(20,163,021)
Expected credit losses/ (reversals)	6	**(1,720,299)**	1,885,408	**(2,807,807)**	(114,592)
Operating profit for the period	16	**42,412,389**	36,262,418	**120,087,191**	119,665,426
Finance cost from lease liabilities		**(387,915)**	(276,684)	**(1,171,264)**	(849,880)
Revaluation gains from FVTPL investments		**373,513**	-	**616,757**	543,301
Other income, net	15	**6,320,631**	543,579	**13,351,390**	6,493,117
Profit before zakat		**48,718,618**	36,529,313	**132,884,074**	125,851,964
Zakat expense	10	**(4,523,074)**	(2,885,318)	**(11,057,258)**	(8,643,925)
Profit from continued operations		**44,195,544**	33,643,995	**121,826,816**	117,208,039
Loss from discontinued operations	13	**-**	(2,436,015)	**-**	(7,336,731)
Profit for the period		**44,195,544**	31,207,980	**121,826,816**	109,871,308
Other comprehensive income					
Other comprehensive income for the period		**-**	-	**-**	-
Total comprehensive income for the period		**44,195,544**	31,207,980	**121,826,816**	109,871,308
Basic and diluted earnings per share:					
Operating profit from continued operations	12	**1.10**	0.84	**3.05**	2.93
Profit for the period	12	**1.10**	0.78	**3.05**	2.75

The accompanying notes from (1) to (20) form an integral part of these interim condensed consolidated financial statements.

Finance Senior Director	Chief Financial officer	Chief Executive Officer
Alaa Al Essawi	Adnan Ali	Ayman Altammami

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Interim condensed consolidated statement of changes in equity
For the period ended 30 September 2023 (Unaudited)

(Expressed in Saudi Riyals)	Note	Share capital	Statutory reserve	Retained earnings	Total equity
Balance as at 1 January 2023 (Audited)		**400,000,000**	**92,154,003**	**36,125,882**	**528,279,885**
Profit for the period		-	-	**121,826,816**	**121,826,816**
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	**121,826,816**	**121,826,816**
Dividends	**19**	-	-	**(50,000,000)**	**(50,000,000)**
Balance as at 30 September 2023 (Unaudited)		**400,000,000**	**92,154,003**	**107,952,698**	**600,106,701**
Balance as at 1 January 2022 (Audited)		400,000,000	77,129,082	8,657,135	485,786,217
Profit for the period		-	-	109,871,309	109,871,309
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	109,871,309	109,871,309
Dividends	19	-	-	(58,657,135)	(58,657,135)
Balance as at 30 September 2022 (Unaudited)		400,000,000	77,129,082	59,871,309	537,000,391

The accompanying notes from (1) to (20) form an integral part of these interim condensed consolidated financial statements.

Finance Senior Director	Chief Financial Officer	Chief Executive Officer
Alaa Al Essawi	Adnan Ali	Ayman Altammami

4

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Interim condensed consolidated statement of cash flows (Unaudited)

	Notes	For the nine-month period ended 30 September 2023 (Unaudited)	30 September 2022 (Restated - Unaudited)
OPERATING ACTIVITIES:		(Expressed in Saudi Riyals)	
Profit for the period before zakat		**132,884,074**	118,515,233
Adjustment for:			
Loss from discontinued operations	**13**	**-**	7,336,731
Depreciations and amortizations		**25,927,518**	23,147,328
Amortization of visas in use	**8**	**21,272,243**	18,287,983
Current service cost of employees' defined benefits obligation		**36,428,856**	22,726,567
Provision for expected credit losses	**6**	**2,807,807**	114,592
Gains from disposal of property and equipment	**15**	**(1,300,598)**	(5,088,182)
Time Murabaha deposits income	**15**	**(10,775,877)**	(466,299)
Revaluation gains from FVTPL investments		**(616,757)**	(543,301)
Finance cost from lease liabilities		**1,160,343**	849,880
		207,787,609	184,880,532
Change in working capital			
Trade receivables		**(67,185,877)**	(38,761,297)
Prepayments and other debit balances		**55,175,468**	(13,486,842)
Due from / to related parties		**(2,004,100)**	(11,214,903)
Available visa		**(17,460,300)**	(39,159,000)
Retained deposits		**(2,904,150)**	2,703,336
Unearned revenue		**(26,057,179)**	11,311,605
Trade payables		**14,813,642**	1,135,492
Accrued expenses and other credit balances		**25,795,480**	25,107,630
Cash generated from operations		**187,960,593**	122,516,553
Employees' defined benefit obligation paid		**(25,715,039)**	(14,434,704)
Zakat paid	**10**	**(12,262,046)**	(11,251,666)
Net cash generated from operating activities		**149,983,508**	96,830,183
INVESTING ACTIVITIES			
Time Murabaha deposits		**(155,000,000)**	10,000,000
Net (paid)/ proceeds from investments at fair value through profit or loss		**(613,668)**	3,107,898
Proceeds from time Murabaha deposits income		**10,775,877**	466,299
Paid to purchase property and equipment	**3**	**(12,930,575)**	(12,029,377)
Paid for projects under construction	**4**	**(5,269,920)**	(10,922,277)
Proceeds from sale of property and equipment		**1,568,274**	6,969,179
Net cash used in investing activities		**(161,470,012)**	(2,408,278)
FINANCING ACTIVITIES			
Cash dividends paid	**19**	**(50,000,000)**	(58,657,135)
Lease liabilities paid		**(10,556,608)**	(10,623,482)
Net cash used in financing activities		**(60,556,608)**	(69,280,617)
NET CHANGE IN CASH AND CASH EQUIVALENT		**(72,043,112)**	25,141,288
Cash and cash equivalent at the beginning of the period.		**116,160,077**	103,221,493
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD		**44,116,965**	128,362,781

The accompanying notes from (1) to (20) form an integral part of these interim condensed consolidated financial statements.

Finance Senior Director	**Chief Financial Officer**	**Chief Executive Officer**
Alaa Al Essawi	Adnan Ali	Ayman Altammami

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the interim condensed consolidated financial statements
For the period ended 30 September 2023 (Unaudited)
(Expressed in Saudi Riyals)

1. INCORPORATION AND ACTIVITIES

Saudi Manpower Solutions Company (the "Company") is a Saudi closed joint stock company registered in Kingdom of Saudi Arabia, under Commercial Registration No. 1010331000, dated 12 Rabie Al Thani 1433H (corresponding to 5 March 2012G). The Company's head office is located in Riyadh, PO Box 91279, Riyadh 11633.The company is owned by Al-holoul Almutakamela Holding Company ("the ultimate parent company") with an ownership percentage of 70%.

The Company is operating in the mediate recruitment and providing manpower services. Employees who provide direct services to the Company's clients through secondment are referred to as manpower. The Company's fiscal year begins on the first of January and ends on the 31st of December of each calendar year.

The Company's share capital consists of 40,000,000 shares at SR 10 per share, as of 30 September 2023 and 31 December 2022. On 9 Dhul-Qi'dah 1444H (corresponding 29 May 2023G) the extraordinary general assembly was held and it approved the split of each share into ten shares of equal value, bringing the number of shares to be (400,000,000 shares) of equal value. and the value of each share is 1 Saudi riyal. The assembly also agreed to convert the previous statutory reserve into an agreement reserve. During the subsequent period, the legal procedures were completed, as the Company's by-laws and the commercial register were amended on 12 Rabi' Al-Thani 1445 H (corresponding to 23 October 2023G).

The interim condensed consolidated financial statements include the following branches of the company:

Branch	city	Commercial Registration No
Saudi Manpower Solutions Company	Riyadh	1010370621
Saudi Manpower Solutions Company	Riyadh	1010434966
Saudi Manpower Solutions Company	Jubail	2055020287
Saudi Manpower Solutions Company	Medina	4650078632
Saudi Manpower Solutions Company	Abha	5850068558
Saudi Manpower Solutions Company	Mecca	4031100018
Saudi Manpower Solutions Company	Taif	4032051573
Saudi Manpower Solutions Company	Tabuk	3550036348
Saudi Manpower Solutions Company	Riyadh	1010374728
Saudi Manpower Solutions Company	Dammam	1132011182
Saudi Manpower Solutions Company	Jeddah	2050105591
Saudi Manpower Solutions Company	Jeddah	4030282567
Saudi Manpower Solutions Company	Riyadh	4030298444
Saudi Manpower Solutions Company	Riyadh	1010370627
Saudi Manpower Solutions Company	Jordan – Amman (non-operating foreign branch)	200154145

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the interim condensed consolidated financial statements (Continued)
For the period ended 30 September 2023 (Unaudited)
(Expressed in Saudi Riyals)

1. INCORPORATION AND ACTIVITIES (continued)

The interim condensed consolidated financial statements reflect the financial position and results of operations of the Company and its subsidiaries listed below:

			Ownership (Direct & Indirect) %	
Subsidiary entities	**Legal entity**	**Country of incorporation**	**30 September 2023**	31 December 2022
Saudi Logistic Services Co. Ltd	Limited liability	Kingdom of Saudi Arabia	**100%**	**100%**
Romoz Al-Tatweer for Telecom and Information Technology Company*	Limited liability	Kingdom of Saudi Arabia	**100%**	**100%**
Terhab Customers Experience Co. Ltd*	Limited liability	Kingdom of Saudi Arabia	**100%**	**100%**
Saneem Investment Company	Limited liability	Kingdom of Saudi Arabia	**100%**	**100%**
Business Solutions Centre Private Limited Company*	private limited	India	**100%**	**100%**

* Romoz Al-Tatweer for Telecom and Information Technology Company and Terhab Customers Experience Co. Ltd, have a wholly owned subsidiary of (Business Solutions Centre Private Limited Company incorporated in India) with ownership percentages of 24% and 76%, respectively. The incorporation procedures for Business Solutions Centre Private Limited Company were completed during the year 2022.
The Board of Directors decided in its meeting held on 21 Rajab 1444 H (corresponding to 12 February 2023), to close Business Solutions Centre Private Limited Company. The Company's Board of Directors also decided to close Romoz Al-Tatweer for Telecom and Information Technology Company and transfer it to be a division of the Saudi Manpower Solutions Company, legal procedures in this regard have not been completed.

Discontinued operations during 2022:

The Company's board of directors has decided to transfer the investments in "Esnad Building Cleaning Services Company" and "Areeb Human Resources Company" to Al Hololul Al Mutakamla Holding Company (Ultimate Parent Company)- Note (13).

2. BASIS OF PREPARATION

2-1 Statement of compliance

The accompanying interim condensed consolidated financial statements have been prepared in accordance International Accounting Standard number (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").
These interim condensed consolidated financial statements do not include all the information and disclosures required for a complete set of annual consolidated financial statements prepared in accordance with International Financial Reporting Standards, and therefore they should be read in conjunction with the Company's annual consolidated financial statements for the year ended 31 December 2022.
The interim period is an integral part of the full financial year, but the results of operations for the interim periods may not fairly indicate the results of operations for the full year.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the interim condensed consolidated financial statements (Continued)
For the period ended 30 September 2023 (Unaudited)
(Expressed in Saudi Riyals)

2. BASIS OF PREPARATION (continued)

Basis of measurement

These interim condensed consolidated financial statements are prepared under the historical cost convention except for measurement of financial assets at fair value through profit or loss and employees' defined benefits liabilities which are measured at present value of the future obligations using the (Actuarial valuation).

Functional currency

The interim condensed consolidated financial statements are presented in Saudi Riyal which represent the functional and presentation currency of the Company.

2-2 Use of Judgments and Estimates

The Group makes judgments and estimates about the future. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including anticipation of future events that are believed to be appropriate under the circumstances. In the future, actual results may differ from these estimates and assumptions.

The significant estimates made by Management in applying the Group's accounting policies and the main sources of estimation of uncertainty are the same as those used in preparing the financial statements for the year ended on 31 December 2022.

2-3 Summary of key accounting policies

The accounting policies used in preparing interim condensed consolidated financial statements are in line with the notes to the Group's consolidated financial statements for the year ended 31 December 2022.

The principal accounting policies applied in the preparation of these interim condensed consolidated financial statements have been consistently applied for all periods presented.

2-4 Basis of consolidation

The group re-assesses whether or not it controls an investee if facts and circumstance indicate that there is a change to the elements of control. Consolidation of a subsidiary 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 the acquires subsidiary during the year are included within the interim condensed consolidated financial statements effective from the date the group gains control until the date the group ceases the control over the investee.

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

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

- The contractual arrangement (or arrangements) with the other voting rights holders within the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

2-4 Basis of consolidation (continued)

Inter-Group assets, liabilities, equity components, revenues, expenses and cash flows resulting from transactions between Group companies are fully eliminated upon consolidating the interim condensed consolidated financial statements.

2-5 NEW STANDARDS AND AMENDMENTS

The Group noted that the amendments issued by the International Accounting Standards Board effective on 1 January 2023, do not have any material impact on the Group's interim condensed consolidated financial statements. The Group also has not made early adoption of any issued, or standard interpretations or amendments which are yet effective.

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the interim condensed consolidated financial statements
For the period ended 30 September 2023 (Unaudited)
(Expressed in Saudi Riyals)

3. PROPERTY, PLANT AND EQUIPMENT

	Lands	Buildings	Central air conditioning equipment	Leasehold improvements	Furniture and Fixtures	Computers software and devices	Electrical equipment and signboards	Vehicles	Total
	SR	SR	SR	SR	SR	SR	SR	SR	SR
Cost									
1 January 2022	57,249,984	39,144,921	4,173,086	17,143,931	13,495,739	29,831,858	12,858,603	67,702,498	241,600,620
Additions	-	-	-	998,922	2,508,709	3,839,911	988,742	9,043,101	17,379,385
Disposals	(2,684,759)	-	-	-	-	(2,636,503)	(69,244)	(852,573)	(6,243,079)
Transferred from the Ultimate Parent Company	-	-	-	11,126	236,117	155,113	-	-	402,356
Transferred to the Ultimate Parent Company	-	-	-	(2,248,688)	(150,139)	(784,836)	(26,550)	(358,913)	(3,569,126)
31 December 2022	**54,565,225**	**39,144,921**	**4,173,086**	**15,905,291**	**16,090,426**	**30,405,543**	**13,751,551**	**75,534,113**	**249,570,156**
Additions	**-**	**-**	**-**	**125,410**	**1,602,730**	**549,712**	**259,167**	**10,393,556**	**12,930,575**
Disposals	**-**	**-**	**-**	**-**	**(6,716)**	**-**	**-**	**(1,348,308)**	**(1,355,024)**
30 September 2023	**54,565,225**	**39,144,921**	**4,173,086**	**16,030,701**	**17,686,440**	**30,955,255**	**14,010,718**	**84,579,361**	**261,145,707**
Accumulated Depreciation									
1 January 2022	-	1,308,338	417,309	12,737,616	7,446,640	16,108,249	6,963,072	44,769,638	89,750,862
Depreciation for the year	-	1,304,831	417,310	1,088,517	1,495,453	4,550,405	1,297,098	11,151,447	21,305,061
Depreciation for the year of the discontinued operations	-	-	-	709,189	26,270	60,201	4,068	55,302	855,030
Disposals	-	-	-	-	-	(1,998,253)	(23,799)	(548,190)	(2,570,242)
Transferred from the Ultimate Parent Company	-	-	-	461	8,582	4,585	-	-	13,628
Transferred to the Ultimate Parent Company	-	-	-	(1,213,137)	(34,204)	(89,075)	(5,277)	(97,520)	(1,439,213)
31 December 2022	**-**	**2,613,169**	**834,619**	**13,322,646**	**8,942,741**	**18,636,112**	**8,235,162**	**55,330,677**	**107,915,126**
Depreciation for the period	**-**	**978,623**	**312,982**	**652,148**	**1,218,033**	**3,091,963**	**961,176**	**8,931,014**	**16,145,939**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,087,348)**	**(1,087,348)**
30 September 2023	**-**	**3,591,792**	**1,147,601**	**13,974,794**	**10,160,774**	**21,728,075**	**9,196,338**	**63,174,343**	**122,973,717**
Net Book Value									
31 December 2022	54,565,225	36,531,752	3,338,467	2,582,645	7,147,685	11,769,431	5,516,389	20,203,436	141,655,030
30 September 2023	**54,565,225**	**35,553,129**	**3,025,485**	**2,055,907**	**7,525,666**	**9,227,180**	**4,814,380**	**21,405,018**	**138,171,990**

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the interim condensed consolidated financial statements
For the period ended 30 September 2023 (Unaudited)
(Expressed in Saudi Riyals)

4. PROJECTS UNDER CONSTRUCTION

The movement in Projects under construction for year end in 30 September 2023 as follow:

	SR		
	1 January 2023	**Additions**	**30 September 2023**
Accommodation Complex project	**27,674,876**	**4,074,870**	**31,749,746**
Electronic programs	**6,912,899**	**995,050**	**7,907,949**
Leasehold improvements	**7,499**	**-**	**7,499**
other	**-**	**200,000**	**200,000**
	34,595,274	**5,269,920**	**39,865,194**

The movement in Projects under construction for year end in 31 December 2022 as follow:

	SR		
	1 January 2022	Additions	30 September 2022
Accommodation Complex project	14,282,827	13,392,049	27,674,876
Electronic programs	723,336	6,189,563	6,912,899
Leasehold improvements	7,499	-	7,499
	15,013,662	19,581,612	34,595,274

5. TIME MURABHA DEPOSITS

Murabaha time deposits as at 30 September 2023 amounted to 295 million Saudi riyals (31 December 2022: 140 million Saudi riyals). Murabaha time deposits represent Islamic Murabaha held in local banks of high credit standing until maturity dates. Time deposits includes 10 million Saudi riyals (31 December 2022: 10 million Saudi riyals) which is related to the Company's license issued by the Ministry of Human Resources and Social Development - Note 18.
Finance income recognized during the nine-month period from Islamic Murabaha amounted to 10.8 million Saudi riyals (30 September 2022: 0.5 million Saudi riyals) – Note 15.

6. TARDE RECEIVABLES, NET

	SR	
	30 September 2023	31 December 2022
Trade receivables	**329,213,995**	262,100,444
Less: expected credit losses on trade receivables	**(36,233,788)**	(33,498,307)
	292,980,207	228,602,137

The movement of expected credit loss provision as the following:

	SR	
	30 September 2023	31 December 2022
Balance at the beginning of the period/year	**33,498,307**	34,483,774
Charged during the period/year	**2,807,807**	(985,467)
Write-off during the period/ year	**(72,326)**	-
Balance at the end of the period/year	**36,233,788**	33,498,307

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the interim condensed consolidated financial statements (Continued)
For the period ended 30 September 2023 (Unaudited)
(Expressed in Saudi Riyals)

7. PREPAYMENTS AND OTHER DEBIT BALANCES

	SR	
	30 September 2023	31 December 2022
Recruitment fees	**57,729,205**	114,393,872
Iqama and labour license fees	**48,217,482**	71,180,476
Advances to suppliers	**28,583,524**	22,430,376
Insurance and medical check-up	**18,857,789**	14,158,333
Time deposit accrued income	**9,138,963**	1,146,265
Prepaid employees' benefits	**6,822,025**	5,831,587
Prepaid expenses	**4,183,226**	3,209,623
Others	**1,995,040**	1,857,082
Letter of guarantee margin	**-**	245,108
	175,527,254	234,452,722

8. VISAS IN USE

The movement of visas in use during the period/year is as follows:

	SR	
	30 September 2023	31 December 2022
Balance at the beginning of the period/year	**26,919,608**	26,444,687
Available visas in use during the period /year (Note 9)	**15,794,000**	32,304,283
Amortization during the period/year	**(21,272,243)**	(30,950,575)
Charged to trade payables	**(1,307,507)**	(878,787)
Balance at the end of the period/year	**20,133,858**	26,919,608
Less: Current portion	**(14,545,795)**	(21,055,426)
Non-current portion	**5,588,063**	5,864,182

9. AVAILABLE VISAS

The available visas represent unused visas' balance up to the date of the interim condensed consolidated financial statements. The available visa amounts are transferred to visas in use upon stamping the visas of the recruited manpower and their arrival to the Kingdom of Saudi Arabia.
The following is the movement of available visas:

	SR	
	30 September 2023	31 December 2022
Balance at the beginning of the period/year	**35,560,717**	27,776,000
Purchased visas during the period/ year	**17,460,300**	40,089,000
Transfer to visas in use (Note 8)	**(15,794,000)**	(32,304,283)
Balance at the end of the period/year	**37,227,017**	35,560,717

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the interim condensed consolidated financial statements (Continued)
For the period ended 30 September 2023 (Unaudited)
(Expressed in Saudi Riyals)

10. ZAKAT

Zakat status for the company

The Company submitted its Zakat returns for all years up to 2022, and obtained the zakat certificates for these years. Zakat returns for the years 2019 – 2022 is still under review by Zakat, Tax and Customs Authority, the final assessments are not yet raised till the date of issuing these interim condensed consolidated financial statements.

Zakat status for subsidiaries

The subsidiary companies submitted their Zakat returns for all the years up to 2022 and obtained the zakat certificate for these years. The company did not receive any final assessment till the date of the interim condensed consolidated financial statements.

The movement in zakat provision is represented in the following:

	SR	
	30 September 2023	31 December 2022
Balance at 1st January	**9,561,152**	9,103,462
Zakat charged during the period/year	**11,057,258**	11,709,356
Paid during the period/ year	**(12,262,046)**	(11,251,666)
Balance at the end of the period/ year	**8,356,364**	9,561,152

11. REVENUES

In the following table, revenue has been classified by sector type:

	For the three-month period ended		For the nine-month period ended	
Type of Sector	**30 September 2023**	30 September 2022 (Restated - Note 14)	**30 September 2023**	30 September 2022 (Restated - Note 14)
	SR	**SR**	**SR**	**SR**
Individuals	**137,905,597**	131,779,721	**427,538,435**	389,800,127
Oil, Gas and Petrochemical	**86,024,438**	75,853,376	**252,226,328**	236,754,263
Construction	**70,962,708**	77,846,918	**207,701,136**	204,892,731
Hospitality	**25,383,832**	38,239,425	**84,832,380**	114,016,480
Health care	**28,840,504**	29,130,586	**81,799,484**	83,392,778
Retail	**28,862,644**	32,515,815	**82,133,471**	91,100,792
Facilities management	**29,956,160**	28,796,779	**88,594,439**	91,757,800
Industrial and operation	**7,264,786**	6,688,393	**23,187,697**	18,554,518
others	**40,405,538**	42,340,392	**118,814,283**	132,322,430
Total	**455,606,207**	463,191,405	**1,366,827,653**	1,362,591,919

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the interim condensed consolidated financial statements (Continued)
For the period ended 30 September 2023 (Unaudited)
(Expressed in Saudi Riyals)

11. REVENUES (continued)

In the following table, revenue has been classified by Customers' type:

Type of customers	For the three-month period ended		For the nine-month period ended	
	30 September 2023	30 September 2022 (Restated - Note 14)	**30 September 2023**	30 September 2022 (Restated -Note 14)
	SR	**SR**	**SR**	**SR**
Corporates - Private	**238,158,774**	254,980,260	**715,346,387**	736,748,513
Individuals	**137,905,597**	131,378,033	**427,538,435**	389,398,440
Corporates, government & semi-government	**79,541,836**	76,833,112	**223,942,831**	236,444,966
Total	**455,606,207**	463,191,405	**1,366,827,653**	1,362,591,919

In the following table, revenue has been classified by service type:

Type of services	For the three-month period ended		For the nine-month period ended	
	30 September 2023	30 September 2022 (Restated - Note 14)	**30 September 2023**	30 September 2022 (Restated - Note 14)
	SR	**SR**	**SR**	**SR**
Business	317,700,610	331,813,372	939,289,218	973,193,480
Individuals	87,623,892	73,695,943	264,492,103	209,578,926
Hourly service	50,281,705	57,682,090	163,046,332	179,819,513
Total	**455,606,207**	463,191,405	**1,366,827,653**	1,362,591,919

In the following table, revenue has been classified by contract's term:

Terms of contracts	For the three-month period ended		For the nine-month period ended	
	30 September 2023 (Unaudited)	30 September 2022 (Restated - Note 14)	**30 September 2023 (Unaudited)**	30 September 2022 (Restated - Note 14)
	SR	**SR**	**SR**	**SR**
More than one year	**274,233,044**	278,285,744	**869,438,397**	920,941,820
One year and less	**181,373,163**	184,905,661	**497,389,256**	441,650,099
Total	**455,606,207**	463,191,405	**1,366,827,653**	1,362,591,919

13

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the interim condensed consolidated financial statements (Continued)
For the period ended 30 September 2023 (Unaudited)
(Expressed in Saudi Riyals)

12. BASIC AND DILUTED EARNINGS PER SHARE

	For the three-month period ended		For the nine-month period ended	
	30 September 2023 (Unaudited)	30 September 2022 (Unaudited) (Restated - Note 14)	**30 September 2023 (Unaudited)**	30 September 2022 (Unaudited) (Restated - Note 14)
	SR	**SR**	**SR**	**SR**
Weighted average number of shares (share)	**40,000,000**	40,000,000	**40,000,000**	40,000,000
Net profit for the period	**44,195,544**	31,207,980	**121,826,816**	109,871,308
Earnings per share – basic and diluted	**1.10**	0.78	**3.05**	2.75
Profit from continued operations	**44,195,544**	33,643,995	**121,826,816**	117,208,039
Earnings per share from continued operations – basic and diluted	**1.10**	0.84	**3.05**	2.93

13. DISCONTINUED OPERATIONS

The discontinued operations are represented in the business Esnad Building Cleaning Services Company and Areeb Human Resources Company, which their entire ownership was transferred by book value as at 30 November 2022 to Al-holoul Almutakamela Holding Company (Note 1), as part of the Group's restructuring process. The results of the operations of the above two companies were represented within the discontinued operations for the period ended 30 September 2022G in the interim condensed consolidated statement of profit or loss and other comprehensive income (Note 14) as follows:

	For the three-month period ended 30 September 2022 (Unaudited)	For the nine-month period ended 30 September 2022 (Unaudited) (Restated -Note 14)
Revenues	2,632,384	6,050,497
Cost of revenues	(2,655,483)	(6,327,851)
Gross loss	**(23,099)**	**(277,354)**
General and administrative expenses	(2,068,761)	(5,880,697)
Selling and marketing expenses	(346,206)	(1,213,409)
Operating losses	**(2,438,066)**	**(7,371,460)**
Other income, net	81,948	186,583
Finance cost on lease liabilities	(26,897)	(89,555)
Loss before Zakat	**(2,383,015)**	**(7,274,432)**
Zakat	(53,000)	(62,299)
Net loss for the period from discontinued operations	**(2,436,015)**	**(7,336,731)**

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the interim condensed consolidated financial statements (Continued)
For the period ended 30 September 2023 (Unaudited)
(Expressed in Saudi Riyals)

14. RESTATEMENT ON THE COMPARATIVE FIGURES

The Group has adjusted certain comparative figures in the interim condensed consolidated statement of profit or loss and other comprehensive income and interim condensed consolidated statement of cash flows for the three-month and nine-month periods ended on 30 September 2022 as a result of:

- As disclosed in Note 13, during the year 2022, the Company decided to dispose two subsidiaries and transfer their ownership at their book values to the Ultimate Parent Company. The results of the discontinued operations were represented in both the interim condensed consolidated statement of profit or loss and other comprehensive income and the interim condensed consolidated statement of cash flows.

- As at 1 January 2022, the Group acquired both Romoz Al-Tatweer for Telecom and Information Technology Company and Terhab Customers Experience Co. Ltd from the Ultimate Parent Company at book value, as part of the Group's restructuring process.

  The impact of consolidating these two entities has not been reflected in detail for each item of the statements of the interim condensed consolidated statement of profit or loss and other comprehensive income. The results of the two companies' operations were represented in accordance with the requirements of the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia.

The above necessitated adjusting the comparative numbers for the three-month and nine-month periods ended on 30 September 2022, and the details of these adjustments are summarized below

For the three-month period ended 30 September 2022 (Unaudited)	As previously issued	Adjustments from acquisitions and reclassifications	Adjustments from discontinued operations	As restated
Statement of profit or loss				
Revenues	468,004,753	(2,180,964)	(2,632,384)	463,191,405
Cost of Revenues	(410,492,979)	(42,581)	2,655,483	(407,880,077)
General and administration expenses	(16,428,937)	(265,802)	2,068,761	(14,625,978)
Selling and marketing expenses	(7,976,448)	1,321,902	346,206	(6,308,340)
Expected credit Losses	-	1,885,408	-	1,885,408
Other income, net	3,090,623	(2,465,096)	(81,948)	543,579
Finance cost	(303,581)	-	26,897	(276,684)
Zakat	(2,938,318)	-	53,000	(2,885,318)
Loss from discontinued operations	-	-	(2,436,015)	(2,436,015)

For the nine-month periods ending 30 September 2022 (Unaudited)	As previously issued	Adjustments from acquisitions and reclassifications	Adjustments from discontinued operations	As restated
Statement of profit or loss				
Revenues	1,367,569,862	1,072,554	(6,050,497)	1,362,591,919
Cost of Revenues	(1,176,708,507)	(16,784,775)	6,327,851	(1,187,165,431)
General and administration expenses	(45,853,624)	4,489,478	5,880,697	(35,483,449)
Selling and marketing expenses	(33,860,004)	12,483,574	1,213,409	(20,163,021)
Expected credit Losses	(114,592)	-	-	(114,592)
Other income, net	7,898,590	(1,218,890)	(186,583)	6,493,117
Finance cost	(939,435)	-	89,555	(849,880)
Zakat	(8,664,282)	(41,942)	62,299	(8,643,925)
Loss from discontinued operations	-	-	(7,336,731)	(7,336,731)

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the interim condensed consolidated financial statements (Continued)
For the period ended 30 September 2023 (Unaudited)
(Expressed in Saudi Riyals)

The group has reclassified certain non-material comparative figures in the statement of financial position as 31 December 2022 as follows:

31 December 2022 financial position statement (audited)	**As previously issued**	**Reclassification**	**Balance after Reclassification**
Prepaid expenses and other debit balances	237,602,722	(3,150,000)	234,452,722
Advance payments for acquisition of long-term investments	-	3,150,000	3,150,000

15. OTHER INCOME, NET

	For the nine-month period ended 30 September 2023	For the nine-month period ended 30 September 2022
Time Murabaha deposits (Note 5)	**10,775,877**	466,299
Gain on sale of property and equipment	**1,300,598**	5,088,182
Other	**1,274,915**	938,636
	13,351,390	6,493,117

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the interim condensed consolidated financial statements
For the period ended 30 September 2023 (Unaudited)
(Expressed in Saudi Riyals)

16. SEGMENTAL INFORMATION

The group operating in the mediate recruitment and providing manpower and logistics services and support to the workers, government sector and the private sector. The group is mainly divided into corporate, individual and other sectors. The following tables provide revenue, gross profit and operating profit information for the Group's segments for the three-month and nine-month periods ended 30 September 2023 and 2022:

For the three-month period ended 30 September 2023 (Unaudited)

	Business	Individuals	Others	Total
Revenue	312,855,131	137,082,151	5,668,925	455,606,207
Cost of revenue	(273,019,129)	(114,254,951)	(6,616,089)	(393,890,169)
Gross Profit	**39,836,002**	**22,827,200**	**(947,164)**	**61,716,038**
General and administrative expenses (undistributed)				(11,753,837)
Selling and marketing expenses (undistributed)				(5,829,513)
Expected credit loss provision (undistributed)				(1,720,299)
Operating profit				**42,412,389**

For the three-month period ended 30 September 2022 (Unaudited)

	Business	Individuals	Others	Total
Revenue	329,004,800	129,977,570	4,209,035	463,191,405
Cost of revenue	(282,583,785)	(122,579,736)	(2,716,556)	(407,880,077)
Gross Profit	46,421,015	7,397,834	1,492,479	55,311,328
General and administrative expenses (undistributed)				(14,625,978)
Selling and marketing expenses (undistributed)				(6,308,340)
Reverse expected credit loss provision (undistributed)				1,885,408
Operating profit				**36,262,418**

(Expressed in Saudi Riyals)

16. SEGMENTAL INFORMATION (continued)

For the nine-month period ended 30 September 2023 (Unaudited)

	Business	Individuals	Others	Total
Revenue	929,731,980	424,611,376	12,484,297	1,366,827,653
Cost of revenue	(831,937,054)	(342,944,097)	(16,885,423)	(1,191,766,574)
Gross Profit	97,794,926	81,667,279	(4,401,126)	175,061,079
General and administrative expenses (undistributed)				(36,895,091)
Selling and marketing expenses (undistributed)				(15,270,990)
Expected credit loss provision (undistributed)				(2,807,807)
Operating profit				**120,087,191**

For the nine-month period ended 30 September 2022 (Unaudited)

	Business	Individuals	Others	Total
Revenue	962,813,619	385,690,018	14,088,282	1,362,591,919
Cost of revenue	(858,322,091)	(321,370,581)	(7,472,759)	(1,187,165,431)
Gross Profit	104,491,528	64,319,437	6,615,523	175,426,488
General and administrative expenses (undistributed)				(35,483,449)
Selling and marketing expenses (undistributed)				(20,163,021)
Expected credit loss provision (undistributed)				(114,592)
Operating profit				**119,665,426**

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the interim condensed consolidated financial statements
For the period ended 30 September 2023 (Unaudited)
(Expressed in Saudi Riyals)

17. RELATED PARTIES' BALANCES AND TRANSACTIONS

The related parties represent the parties related to the company's major shareholders, directors, senior management employees and sister companies.

The material transactions with related parties and the approximate amounts related thereto are as follow:

Related parties	Nature of relation	Nature of transaction	SR For the nine-month period ended 30 September 2023	For the nine-month period ended 30 September 2022
Al-holoul Almutakamela Holding Company (Shareholder)	Ultimate Parent Company	Service revenue	**529,000**	-
		Rental expense	**300,000**	-
Saudi Facilities Management Company	Affiliate	Manpower services and others	**33,561,058**	45,339,356
		Facilities service expenses	**10,132,836**	8,158,923
		Service revenue	**391,500**	-
Esnad Building Cleaning Services Company	Affiliate	Service revenue	**202,500**	-
Saudi Medical Services Company	Affiliate	Manpower services and others	**4,158,654**	9,356,811
Areeb Human Resources Company	Affiliate	Service revenue	**286,487**	-
Senior executive management and Board of Directors	Senior management	Salaries & Benefits	**3,448,981**	2,846,630
	BOD	Remunerations*	**2,619,750**	200,000
	Senior management	Manpower services	**1,001,300**	807,231
Alsafi Danone limited company	Other related party	Manpower services	**3,207,421**	-

* Remunerations due but not paid.

<u>The balance due from related parties is as follows</u>:

	SR 30 September 2023	31 December 2022
Saudi Facilities Management Company	**8,992,833**	5,755,427
Esnad Building Cleaning Services Company	**6,909,266**	5,051,782
Saudi Medical Services Company	**1,630,860**	5,050,248
Areeb Human Resources Company	**1,409,134**	1,035,825
	18,942,093	16,893,282

<u>The balance due to related parties is as follows:</u>

	SR 30 September 2023 (Unaudited)	31 December 022 (audited)
Al-holoul Almutakamela Holding Company	**968,470**	923,759
	968,470	923,759

Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)

Notes to the interim condensed consolidated financial statements (Continued)
For the period ended 30 September 2023 (Unaudited)
(Expressed in Saudi Riyals)

18. CONTINGENT LIABILITIES

Guarantees
On 30 September 2023, the Company has a letter of guarantee of SR10 million (31 December 2022: SR 10 million) which is related to the Company's license issued by the Ministry of Human Resources and Social Development (Note 5).

Capital commitments
The Company has capital commitments of SR 1.9 million as at 30 September 2023 (31 December 2022: SR 5 million) for projects under construction.

19. DIVIDENDS

On 30 August 2023, the Board of Directors, based on the authorization of the Extraordinary General Assembly of the Board in its meeting on 29 May 2023, approved the distribution of an interim dividends for the year 2023 in the amount of SAR 50 million to the shareholders standing on the due date corresponding to 30 August 2023 (at SAR 1.25 per share). The dividends were distributed to shareholders on 10 September 2023.

The shareholders' general assembly held on 1 March 2022 agreed to distribute dividends to shareholders amounting to SR 8.7 million pertaining to year 2021.In addition the board of directors through meeting held on 20 April 2022 agreed to distribute the interim profit amounting to SR 50 million. So, the total dividend during the first nine months of 2022 amounting to SR 58.7 million.

20. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been approved by the Board of Directors in 31 October 2023G, (corresponding to 16 Rabi Althani 1445 H).

SAUDI MANPOWER SOLUTIONS COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS
AND THE INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
31 DECEMBER 2023

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Index of the consolidated financial statements For the year ended 31 December 2023

الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

Head office: Moon Tower - 8 Floor
P.O. Box 8736, Riyadh 11492
Unified Number : 92 002 4254
Fax : +966 11 278 2883

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Saudi Manpower Solutions Company
(A Saudi Closed Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Opinion

We have audited the consolidated financial statements of Saudi Manpower Solutions Company (the "Company") and its subsidiaries (together "the Group") which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy 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 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with IFRS Accounting 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 ("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 requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), 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.

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

Dr. Mohammed Al-Amri & Co. Chartered Accountants, a professional closed joint stock company registered in the Kingdom of Saudi Arabia under CR no. 1010433982, with paid-up capital of SAR (1,000,000) is a member of BDO International Limited, a UK Company Limited by guarantee, and forms part of the international BDO network of independent member firms.
Jeddah: P.O. Box 784 Jeddah 21421 Dammam: P.O. Box 2590 Dammam 31461
info@bdoalamri.com | www.bdoalamri.com

الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

Head office: Moon Tower - 8 Floor
P.O. Box 8736, Riyadh 11492
Unified Number : 92 002 4254
Fax : +966 11 278 2883

Independent auditor's report to the shareholders of Saudi Manpower Solutions Company for the year ended 31 December 2023 (Continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements (Continued)

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

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

Auditor's responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment 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, 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 a 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.

Dr. Mohammed Al-Amri & Co. Chartered Accountants, a professional closed joint stock company registered in the Kingdom of Saudi Arabia under CR no. 1010433982, with paid-up capital of SAR (1,000,000)
is a member of BDO International Limited, a UK Company Limited by guarantee, and forms part of the international BDO network of independent member firms
Jeddah: P.O. Box 784 Jeddah 21421 Dammam: P.O. Box 2590 Dammam 31461
info@bdoalamri.com | www.bdoalamri.com

الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

Head office: Moon Tower - 8 Floor
P.O. Box 8736, Riyadh 11492
Unified Number : 92 002 4254
Fax : +966 11 278 2883

Independent auditor's report to the shareholders of Saudi Manpower Solutions Company for the year ended 31 December 2023 (Continued)

Auditor's responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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.

For Dr. Mohamed Al-Amri & Co.

Gihad Al Amri
Certified Public Accountant
License No. 362

Riyadh on: 21 Ramadan 1445 (H)
Corresponding to: 31 March 2024 (G)

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Consolidated statement of financial position
(In Saudi Riyals)

		As at	
	Note	**31 December 2023**	31 December 2022
Assets			
Current assets			
Cash and cash equivalents	6	**35,574,662**	115,334,919
Murabaha term deposits - current portion	7	**190,000,000**	130,000,000
Investments at fair value through profit or loss		**1,849,950**	516,834
Trade receivables, net	8	**301,741,762**	228,602,137
Prepayments and other debit balances	9	**189,034,894**	235,277,879
Due from related parties	10	**5,777,616**	16,893,282
Visas in use - current portion	11	**16,836,185**	21,055,426
Available visas	12	**31,724,717**	35,560,717
		772,539,786	783,241,194
Assets classified as held for sale	13	**249,913**	-
Total current assets		**772,789,699**	783,241,194
Non-current assets			
Murabaha term deposits - non-current portion	7	**10,000,000**	10,000,000
Visas in use – non-current portion	11	**7,988,157**	5,864,182
Right-of-use assets	15	**29,470,423**	30,730,440
Projects under construction	14	**50,294,808**	34,595,274
Property and equipment, net	13	**132,685,018**	138,625,253
Intangible assets	16	**2,339,067**	3,029,778
Advance payments for acquisition of long-term investments		**6,900,000**	3,150,000
Total non-current assets		**239,677,473**	225,994,927
Total assets		**1,012,467,172**	1,009,236,121
liabilities and Equity			
Liabilities			
Current liabilities			
Retained deposits - current portion	17	**47,073,657**	53,110,559
Unearned revenues		**52,359,002**	77,288,053
Trade payables		**29,544,546**	10,831,089
Accrued expenses and other credit balances	18	**171,441,389**	162,206,805
Due to related parties	10	**-**	923,759
Lease liabilities - current portion	15	**10,557,608**	8,713,558
Zakat provision	19	**13,054,365**	9,561,152
Total current liabilities		**324,030,567**	322,634,975
Non-current liabilities			
Retained deposits – non-current portion	17	**55,199,950**	55,156,703
Employees' defined benefits liabilities	20	**96,347,469**	85,316,917
Lease liabilities – non-current portion	15	**15,181,007**	17,847,641
Total non-current liabilities		**166,728,426**	158,321,261
Total liabilities		**490,758,993**	480,956,236
Equity			
Share capital	1	**400,000,000**	400,000,000
Statutory reserve	30- A	**-**	92,154,003
Contractual reserve	30- B	**108,782,739**	-
Retained earnings		**12,925,440**	36,125,882
Total equity		**521,708,179**	528,279,885
Total equity and liabilities		**1,012,467,172**	1,009,236,121

Finance Senior Director	**Chief Financial Officer**	**Chief Executive Officer**
Alaa Al -EIssawi	Adnan Ali	Ayman Altamimi

The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements.

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Consolidated statement of profit or loss and other comprehensive income
(In Saudi Riyals)

		For the year ended	
	Note	**31 December 2023**	31 December 2022
Revenue	21	**1,827,191,275**	1,839,445,641
Cost of revenue	22	**(1,583,818,155)**	(1,612,491,812)
Gross profit		**243,373,120**	226,953,829
General and administrative expenses	23	**(53,449,801)**	(43,584,738)
Selling and marketing expenses	24	**(20,735,106)**	(21,618,450)
(Losses) reversals of expected credit losses	8	**(2,807,807)**	985,467
Operating profit for the year		**166,380,406**	162,736,108
Financing costs of defined benefit liabilities for employees and lease contracts	15, 20	**(4,520,970)**	(2,326,415)
Other income ,net	28	**20,183,178**	10,778,026
Profit for the year before zakat		**182,042,614**	171,187,719
Zakat expense	19	**(15,755,258)**	(11,709,356)
Profit for the year from continued operations		**166,287,356**	159,478,363
Loss for the year from discontinued operations	26	**-**	(9,229,153)
Profit for the year		**166,287,356**	150,249,210
Other comprehensive income			
(Losses) Gains on remeasurement of employees' defined benefits liabilities	20	**(2,859,062)**	901,593
Total comprehensive income for the year		**163,428,294**	151,150,803
Basic and diluted earnings per share			
Profit for the year from continued operations	25	**0.42**	0.40
Profit for the year	25	**0.42**	0.38

Finance Senior Director	**Chief Financial Officer**	**Chief Executive Officer**
Alaa Al -EIssawi	Adnan Ali	Ayman Altamimi

The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements.

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Consolidated statement of changes in equity
(In Saudi Riyals)

	Note	Capital	Statutory reserve	Contractual reserve	Retained earnings	Total
Balance as at 1 January 2023		**400,000,000**	**92,154,003**	**-**	**36,125,882**	**528,279,885**
Profit for the year		**-**	**-**	**-**	**166,287,356**	**166,287,356**
Other comprehensive income for the year		**-**	**-**	**-**	**(2,859,062)**	**(2,859,062)**
Total other comprehensive income for the year			**-**	**-**	**163,428,294**	**163,428,294**
Transferred to contractual reserve	**30 - B**	**-**	**(92,154,003)**	**108,782,739**	**(16,628,736)**	**-**
Dividends	**32.1**				**(170,000,000)**	**(170,000,000)**
Balance as at 31 December 2023		**400,000,000**	**-**	**108,782,739**	**12,925,440**	**521,708,179**
Balance as at 1 January 2022		400,000,000	77,129,082	-	8,657,135	485,786,217
Profit for the year		-	-	-	150,249,210	150,249,210
Other comprehensive income for the year		-	-	-	901,593	901,593
Total other comprehensive income for the year		-	-	-	151,150,803	151,150,803
Transferred to statutory reserve	30 - A	-	15,024,921	-	(15,024,921)	-
Dividends	32.2	-	-	-	(108,657,135)	(108,657,135)
Balance as at 31 December 2022		400,000,000	92,154,003		36,125,882	528,279,885

Finance Senior Director	**Chief Financial Officer**	**Chief Executive Officer**
Alaa Al -EIssawi	Adnan Ali	Ayman Altamimi

The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements.

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Consolidated statement of cash flows
(In Saudi Riyals)

		For the year ended	
	Note	**31 December 2023**	31 December 2022
Cash flows from operating activities			
Profit for the year before zakat		**182,042,614**	171,187,719
Adjustments for:			
(Losses) reversals for expected credit losses	8	**2,807,807**	(985,467)
Amortization of Visas in use	11	**26,064,383**	30,950,575
Depreciation and amortization	13,15,16	**34,739,833**	35,112,660
Finance cost from lease contracts	15	**1,641,919**	1,138,892
Amendments to lease contracts	15	**(10,921)**	832,982
Employees' defined benefits liabilities - current service cost	20	**36,603,213**	29,537,054
Employees' defined benefits liabilities- finance cost	20	**2,879,051**	1,187,523
Losses from discontinued operations	26	**-**	(9,229,153)
Revaluation gains from FVTPL investments	28	**(719,448)**	(601,135)
Gains on disposal of property and equipment	28	**(2,853,486)**	(5,378,218)
Murabaha term deposits income	28	**(14,927,592)**	(1,387,529)
		268,267,373	252,365,903
Changes in working capital:			
Trade receivables		**(75,947,432)**	2,425,597
Prepayments and other debit balances		**46,242,986**	31,468,396
Due from / to related parties		**10,191,907**	(18,397,366)
Available visa		**(24,472,000)**	(40,089,000)
Retained deposits		**(5,993,655)**	(1,131,863)
Unearned revenues		**(24,929,051)**	5,008,014
Trade payables		**23,052,340**	3,649,586
Accrued expenses and other credit balances		**9,234,584**	(4,781,455)
Cash generated from operating activities		**225,647,052**	230,517,812
Employees' defined benefit liability paid	20	**(31,310,774)**	(21,201,174)
Zakat paid	19	**(12,262,045)**	(11,251,666)
Net cash generated from operating activities		**182,074,233**	198,064,972
Cash flows from investing activities			
Murabaha term deposits		**(60,000,000)**	(40,000,000)
Proceeds from Murabaha term deposits income	28	**14,927,592**	1,387,529
Net (paid)/ proceeds from investments at fair value through profit or loss		**(613,668)**	2,648,898
Paid to purchase of property and equipment	13	**(15,378,773)**	(17,379,385)
Proceeds from disposal of property and equipment		**3,683,644**	9,051,055
Paid for projects under construction	14	**(15,699,534)**	(19,581,612)
Paid to purchase of intangible assets	16	**(388,611)**	-
Advance payments for acquisition of long-term investments		**(3,750,000)**	(3,150,000)
Net cash used in investing activities		**(77,219,350)**	(67,023,515)
Cash flows from financing activities			
Dividends paid		**(170,000,000)**	(108,657,135)
Lease liabilities paid	15	**(14,615,140)**	(14,733,308)
Net cash used in financing activities		**(184,615,140)**	(123,390,443)
Net change in cash and cash equivalent		**(79,760,257)**	7,651,014
Cash and cash equivalent at the beginning of the year.		**115,334,919**	107,683,905
Cash and cash equivalent at the end of the year		**35,574,662**	115,334,919

The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements.

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Consolidated statement of cash flows (continued)
(In Saudi Riyals)

Significant non -cash transactions

		For the year ended	
	Note	31 December 2023	31 December 2022
Property and equipment transferred to the ultimate parent company, net	13	**-**	(2,129,913)
Additions to the right of use assets	15	**14,783,394**	8,296,136
Disposals of the right of use assets	15	**(2,621,836)**	(2,923,927)
Property and equipment transferred from the ultimate parent company, net	13	**-**	(388,728)
Transferred to assets classified as held for sale	13	**249,913**	-
Right of use assets transferred to the ultimate parent company	15	**-**	(1,874,147)
Lease Liabilities transferred to the ultimate parent company.	15	**-**	(2,631,610)
Employees' defined benefits liabilities transferred to the ultimate parent company	20	**-**	(64,005)
Employees' defined benefits liabilities transferred to due from employees	20	**-**	607,307
Employees' defined benefits liabilities from acquiring of subsidiary companies	20	**-**	346,607
(Losses) Gains on remeasurement of Employees' defined benefit liabilities	20	**2,859,062**	(901,593)
Contractual/ statutory reserve	30	**16,628,736**	15,024,921

Finance Senior Director	Chief Financial Officer	Chief Executive Officer
Alaa Al -EIssawi	Adnan Ali	Ayman Altamimi

The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements.

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

1- Information about the company

Saudi Manpower Solutions Company (the "Company") is a Saudi closed joint stock company registered in Kingdom of Saudi Arabia, under Commercial Registration No. 1010331000, dated 12 Rabie Al Thani 1433H (corresponding to 5 March 2012G). The Company's head office is located in Riyadh, PO Box 91279, Riyadh 11633.The company is owned by AlHoloul AlMutakamela Holding Company ("the ultimate parent company") with an ownership percentage of 70%. The main activity of the company is temporary employment agency services for home services and temporary employment agency services for foreign labour.

The Company's share capital consists of 40,000,000 shares at SR 10 per share, as at 31 December 2023. On 9 Dhul-Qi'dah 1444H (corresponding 29 May 2023) the extraordinary general assembly was held and it approved the split of each share into ten shares of equal value, bringing the number of shares to be (400,000,000 shares) of equal value and the value of each share is 1 SR. The assembly also agreed to convert the previous statutory reserve into an agreement reserve. During the subsequent period, the legal procedures were completed, as the Company's by-laws and the commercial register were amended on 12 Rabi' Al-Thani 1445 H (corresponding to 23 October 2023).

Offering company's shares

The General Assembly meeting of Shareholders, at its meeting held on 5 Jumada al-Awwal 1445 H (corresponding to 28 November 2023) approved the offering of 30% of the company's shares in an initial public offering by submitting a request for registration and offering of securities to the Saudi Capital Market Authority and a request for listing with the Capital Market Company. Saudi Arabia (Tadawul).

On 12 December 2023, the group's prospectus file was uploaded to the Capital Market Authority and Tadawul portals.

On 13 March 2024, the Capital Market Authority approved the company's request to register and offer its shares for public subscription.
The consolidated financial statements include the following branches of the company:

The branch	Commercial Register
Saudi Manpower Solutions Company - Riyadh - General Administration - Head Office	1010331000
Saudi Manpower Solutions Company - Riyadh - General Administration – Branch	1010370621
Saudi Manpower Solutions Company - Riyadh - General Administration – Branch	1010370627
Saudi Manpower Solutions Company - Riyadh - General Administration – Branch	1010374728
Saudi Manpower Solutions Company – Riyadh	1010434966
Saudi Manpower Solutions Company - Jubail Industrial City	2055020287
Saudi Manpower Solutions Company – Dammam	2050105591
Saudi Manpower Solutions Company – Tabuk	3550036348
Saudi Manpower Solutions Company – Taif	4032051573
Saudi Manpower Solutions Company – Abha	5850068558
Saudi Manpower Solutions Company - Al Madinah	4650078632
Saudi Manpower Solutions Company - Mecca	4031100018
Saudi Manpower Solutions Company - Al Nuzha - Jeddah	4030282567
Saudi Manpower Solutions Company - Jeddah - Al-Sitin	4030298444
Saudi Logistics Services Company Limited	1010639231
Saudi Logistics Services Company Limited	1010639233
Saudi Logistics Services Company Limited	1010639234

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

1- Information about the company (continued)

The following is a statement of the subsidiary companies and their main activities included in these consolidated financial statements:

Subsidiary company	Legal entity	Country of establishment	Ownership percentage (Direct and indirect) as at 31 December 2023	31 December 2022
Saudi Logistics Services Company Limited (1.1)	Limited liability	Kingdom of Saudi Arabia	**100%**	100%
Romoz Al-Tatweer for Telecom and Information Technology Company (1.2)	Limited liability	Kingdom of Saudi Arabia	**100%**	100%
Terhab Customer Experience Limited (1.3) *	Limited liability	Kingdom of Saudi Arabia	**100%**	100%
Saneem Investment Company (1.4)	Limited liability	Kingdom of Saudi Arabia	**100%**	100%
Business Solutions Center Private Limited Company * (1.5)	Privet Limited	India	**100%**	100%

(*) Romoz Al-Tatweer for Telecom and Information Technology Company and Terhab Customers Experience Co. Ltd, have a wholly owned subsidiary (Business Solutions Centre Private Limited Company incorporated in India) with ownership percentages of 24% and 76%, respectively. The incorporation procedures for Business Solutions Centre Private Limited Company were completed during the year 2022.
The Board of Directors decided in its meeting held on 21 Rajab 1444 H (corresponding to 12 February 2023), to close Business Solutions Centre Private Limited Company. The Company's Board of Directors also decided to close Romoz Al-Tatweer for Telecom and Information Technology Company and transfer it to be a division of the Saudi Manpower Solutions Company, legal procedures in this regard have not been completed.

1.1 Saudi Logistics Services Company Limited
Its main activities include operating storage facilities for all types of goods except foods materials, public warehouses housing a variety of goods, land transportation of goods, and accommodation for individuals.

1.2 Romoz Al-Tatweer for Telecom and Information Technology Company
Its main activities include wholesale and retail sales of prepaid cards of all types, systems analysis, design and programming of custom software, providing network and information communications management service, establishing infrastructure for hosting websites on the network, data processing services, and related activities.

1.3 Terhab Customer Experience Limited
Its main activities include establishing the infrastructure for hosting websites on the network, data processing service and related activities, integrated administrative services for offices, ground management services and supervision at airport ground service providers, temporary employment agencies for expatriate labour services, call centre services mobile communication services, rental of communication facilities, management and monitoring of communication and information networks, and digital authentication services.

1.4 Saneem Investment Company
Its main activities include investing the funds of companies affiliated with holding companies, investment activities for the account of the relevant units, including venture capital companies and investment clubs.

1.5 Business Solutions Center Private Limited Company
Its main activities include providing business solutions services.

1- Information about the company (continued)

Discontinued operations during 2022:

The Company's board of directors has decided to transfer the investments in "Esnad Building Cleaning Services Company" and "Areeb Human Resources Company" to Al Hololul Al Mutakamla Holding Company (Ultimate Parent Company)- Note (26).

2- Basis of Preparation

2.1 Statement of Compliance

These consolidated financial have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

2.2 Basis of Preparation Financial Statements

These consolidated financial statements have been prepared on a historical cost convention, except for financial instruments that have been measured at fair value. For employees' defined benefit liabilities, actuarial present value calculations are used. The measurement bases have been fully described in the accounting policies.

2.3 Functional Currency and Presentation Currency

These consolidated financial statements are presented in Saudi Riyal, which is the functional currency of the parent group.

2.4 Going Concern Principle

The company's management conducted an assessment of the company's ability to continue its operations by preparing cash flow forecasts for a period of at least twelve months from the date of these consolidated financial statements. These forecasts indicate that the group will have sufficient cash by generating cash to meet its obligations when due for that period. The cash flow forecasts also indicate that the increase in profitability and cash flows will continue in line with previous years as a result of revenues from operations, including group revenues from contracts with customers where a significant portion is realized from current customers.

Taking into consideration the above, along with the expected profitability of the group, cash flows from current contra expected future growth, and the current cash balance of the group, management is confident that the group has the resources to continue its operations over the foreseeable future and is confident that the group will have sufficient funds to meet its obligations when due for a period of twelve months from the date of these consolidated financial statements. Therefore, these consolidated financial statements have been prepared on a going concern basis.

2.5 Financial Year

The financial year for the group begins on 1st of January and ends on 31 of December of each calendar year.

3- Significant accounting estimates and assumptions

The group makes certain judgments and estimates related to the future .Judgments and estimates are continually evaluated based on past experience and other factors, including the expectation of future events believed to be appropriate to the circumstance. In the future, actual results may differ from these estimates and assumptions. Core estimates and assumptions are reviewed continuously.

Adjustments to accounting estimates are recognized in the period in which the estimate is revised if the revision affects that period only or in the period of revision and future periods if the revision affects current and future periods. The following are judgments, estimates, and assumptions involving significant risks that could result in a material adjustment to the book amounts of assets and liabilities during the next financial year:

3.1 Useful lives of property and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives are different from the previous estimates.

3.2 Impairment of non-financial assets

Impairment loss is recognized for the amount by which the carrying amount of the assets or cash-generating unit exceeds the recoverable amount. To determine the recoverable amount, management estimates the expected future cash flows from each cash-generating unit and determines an appropriate interest rate for calculating the present value of those cash flows. In measuring the expected future cash flow, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. Actual results may differ, leading to significant adjustments to the group's assets in the following financial year.

3- Significant accounting estimates and assumptions (continued)

3.3 Employees' defined benefit plan

Employee benefit obligations are obligations that will be settled in the future and require assumptions for projected obligations. International Accounting Standard 19 requires management to make further assumptions regarding variables such as discount rates, compensation increase rates, mortality rates, employee turnover, and future healthcare costs Changes in key assumptions can have a significant impact on expected benefit obligations and/or periodic employee benefit costs. Due to the complex nature and long-term nature of the key estimates and assumptions, the defined benefit obligation is significantly affected by changes in these assumptions. All assumptions are reviewed by the date of preparation of each financial statement.

3.4 Impairment losses on trade receivables

The group uses the provision matrix to calculate the expected credit losses for trade receivables. The provision matrix is primarily based on historical default rates observed for the group. The group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. On each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. Assessing the correlation between historical observed default rates, expected economic conditions, and expected credit losses is an important estimate. The amount of expected credit losses is sensitive to changes in expected economic conditions. Historical credit losses of the group and its experience and expectations of economic conditions may not also represent the actual default of customers in the future.

3.5 Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.
The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

3.6 Leases - Estimating the incremental borrowing rate

The group cannot immediately determine the implicit interest rate in lease contracts, and therefore uses the increasing borrowing rate to measure lease obligations. The increasing borrowing rate is the interest rate that the group must pay for borrowing for a similar period with similar collateral and necessary amounts to obtain an asset of similar value to the right-of-use asset in a similar economic environment. Therefore, the increasing borrowing rate reflects "the amount that the group has to pay" and requires estimation when significant prices are not available or when adjustments are needed to comply with lease contract terms and conditions (e.g., when the payment currency in contracts is not the group's functional currency). The group estimates the increasing borrowing rate using observable data (e.g. prevailing market interest rates) and available data, and when necessary, makes some group-specific estimates (e.g. credit rating of the subsidiary).

3.7 Measurement of fair value of financial instruments

When it is not possible to measure the fair value of assets and financial liabilities recorded in the consolidated financial statements based on prices in active markets, the fair value is determined using valuation methods in the discounted cash flow model. Data for these models is obtained from observable markets wherever possible, but if not possible, it requires a degree of estimation. Estimation includes considerations of data such as liquidity risks, credit risks, and price fluctuations risks. Changes in assumptions related to these factors can affect the disclosed fair value of financial instruments.

4- Material accounting policy information

The group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements. In addition, the company adopted the disclosure of accounting policies (amendments to International Accounting Standard 1 and International Financial Reporting Standards Practice Statement 2) as at 1 January 2023 the amendments require disclosure of "essential" accounting policies instead of "significant" ones. The amendments did not result in any changes to the accounting policy itself, and did not fundamentally change the information disclosed in the accounting policy.

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

4- Material accounting policy information

The significant accounting policies applied by the group in preparing these consolidated financial statements are outlined below:

4.1 Basis of consolidation

The group accounts for the consolidation of activities using the acquisition method when acquiring a group of activities and assets that meet the definition of business and transfer control to the group. When determining whether a specific group of activities and assets represent a business, the group evaluates whether the acquired group of assets and activities includes at least, significant inputs and processes and whether the acquired group has the ability to produce outputs. The group applies a concentration test that allows for a simplified assessment to verify whether the acquired group of activities and assets is not a business. The test is met if the fair values of the total acquired assets are substantially concentrated in a specific identifiable asset or group of similar identifiable assets. The consideration transferred upon acquisition is usually measured at the fair value of the identifiable net assets acquired. Any impairment is assessed annually to determine the extent of any impairment loss. Any gains resulting from the acquisition are recognized immediately in profit or loss. Transaction costs are recognized as expenses when incurred, unless they are directly attributable to the issuance of debt or equity instruments. The consideration transferred does not include amounts related to settling transactions arising from previous relationships These amounts are usually recognized in profit or loss.

Any contingent consideration is measured at fair value at the acquisition date. If the obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and is recognized within 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 companies

Subsidiaries are companies subject to the control of the group,

The financial statements of subsidiaries are prepared as at the same date as the financial year of the company and using accounting policies consistent with the financial policies of the company.

Consolidation of a subsidiary begins when control over the subsidiary is transferred to the group and ceases when the group loses such control. The assets, liabilities, income, and expenses of the acquired subsidiary are included in the consolidated financial statements from the date of transfer of control to the group, until the group ceases to exercise such control over the invested company.

- Specifically, the group controls the invested company only when the group has the following: Authority over the invested company (meaning having rights that give the group the ability to direct activities related to the invested company).
- Exposure to risks, or has rights to receive different returns through its relationship with the invested company.
- The ability to use its authorities over the invested company to influence its returns.

In general, it is assumed that majority voting rights result in control. In support of this assumption, when the group has less than a majority in voting rights or similar rights in the invested company, the group takes into account all the facts and circumstances related to this when determining whether it exercises control over the invested company, including:

- Contractual arrangements with other voting rights holders in the invested company.
- Rights arising from other contractual arrangements.

Group's special voting rights and potential voting rights.

The financial statements of subsidiaries are prepared as at the same date as the financial year of the company and using accounting policies consistent with the financial policies of the company.

Non-controlling interests

Non-controlling interests are measured based on their share in the identifiable net assets of the acquired company at the acquisition date. Changes in the group's interests in a subsidiary that do not result in loss of control are recognized as equity transactions.

Loss of control

Upon loss of control, the group ceases to recognize the assets and liabilities of the former subsidiary, any non-controlling interests, and other equity components related to the former subsidiary. Any gain or loss resulting from the loss of control is recognized in the consolidated statement of profit or loss. If the group retains any interest in the former subsidiary, that interest is measured at fair value at the date of loss of control.

Elimination transactions in consolidation

Balances and transactions within the group, as well as any unrealized revenues and expenses resulting from transactions within the group, are excluded when preparing the consolidated financial statements. Unrealized profits are eliminated from transactions with investee companies in proportion to the group's share in the investee company. Unrealized losses are also excluded in the same way as unrealized profits, but only to the extent that there is no evidence of a decrease in value. If the group loses control of a subsidiary, (it excludes the assets) including goodwill and liabilities and any other components of the equity of the subsidiary company, and any profit or loss resulting from the loss of control is recorded in the statement of profit or loss and other comprehensive income. Any investment held is recorded at fair value.

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

4- Material accounting policy information

4.2 Classification of assets and liabilities into current or non-current

The group presents assets and liabilities in the consolidated financial statements on a current or non-current basis. An asset is classified as current if:

- It is expected to be realized or there is an intention to sell or consume it during the group's normal operating cycle or
- It is held primarily for trading purposes, or
- It is expected to be realized within 12 months after the date of the consolidated financial statements, or
- It is cash or its equivalent unless it is restricted from being exchanged or used to settle a liability within at least 12 months from the date of the consolidated financial statements. All other assets are classified as non-current assets.

An obligation is considered part of current liabilities if:

- It is expected to be settled within the group's normal operating cycle, or
- It is held primarily for trading purposes, or
- It is expected to be settled within 12 months after the date of the consolidated financial statements, or
- There is no unconditional right to defer settlement of the liability for at least 12 months after the date of the consolidated financial statements. All other liabilities are classified as non-current liabilities.

4.3 Fair value measurement

Fair value is the amount at which an asset can be exchanged or a liability settled in a transaction between market participants at the measurement date. Fair value measurement is based on the assumption that the sale of the asset or transfer of the liability will occur either:

- Through the principal market for the asset or liability, or
- Through the most advantageous market for the asset or liability in the absence of a principal market.

The main or most beneficial market must be available to the group for access.
The fair value of an asset or liability is measured using the assumptions used by market participants when pricing the asset or liability, assuming that market participants act in their best economic interests.
The measurement of fair value for non-financial assets takes into account the ability of market participants to provide economic benefits by using the asset to achieve the best benefit from it or by selling it to another party for use in achieving the best benefit from it.
The group uses evaluation methods that are appropriate to the circumstances and conditions, and has sufficient data to measure fair value and maximize the use of relevant observable data while minimizing the use of unobservable data to the greatest extent.
All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are classified within the fair value hierarchy outlined below based on the lowest level of input that is significant to the overall fair value measurement:

- Level:1 Quoted prices in active markets for identical assets or liabilities.
- Level:2 Other valuation techniques in which the minimum required significant inputs are directly or indirectly observable for the fair value measurement.
- Level: Other valuation techniques in which the minimum required significant inputs are unobservable for the fair value measurement.
- For assets and liabilities included in the consolidated financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy above through a reassessment of classification based on the lowest level of significant inputs for the overall fair value measurement (at the end of each reporting period).

4.4 Financial Instruments

A financial instrument represents contracts that result in financial assets for one entity and financial liabilities or equity instruments for another entity.

4.4.1 Financial Assets

All financial assets are initially recognized at cost and are subsequently measured at either amortized cost or fair value depending on the classification.

Classification of financial assets

The accounting policy of the group for each category is as follows:

Financial assets at fair value through profit or loss

Financial assets designated at fair value through profit or loss are recorded with net changes in fair value recognized in profit or loss.
Dividends from investments in quoted shares are included as other income in the consolidated statement of profit or loss and other comprehensive income when the right to payment is established.

The Group's financial assets measured at FVTPL include investments at FVTPL.

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

4- Material accounting policy information (continued)
4.4 Financial instruments (continued)

4.4.1 Financial Assets (continued)

Financial assets at amortized cost

These assets are primarily created by providing services to customers, but also include other types of financial assets where the goal is to retain these assets for collection.

Contractual cash flows are only payments of principal and interest. They are initially recognized at fair value plus directly attributable transaction costs incurred to acquire or issue them, and subsequently measured at amortized cost using the effective interest rate method, less any impairment loss allowance, if any. Impairment loss allowances for expected credit losses on trade receivables are recognized based on a simplified approach within International Financial Reporting Standard 9 using the allowance matrix in determining expected credit losses over the life of the receivables. During this process, the probability of default on trade receivables is assessed. Then, multiplying this probability by the expected loss amount resulting from default to determine the expected credit loss over the lifetime of the trade receivable. When it is confirmed that the trade receivables will not be collectible, the total book value of the asset against the related allowance is written off.

The financial assets of the group measured at cost include cash and its equivalents ,deposits on account, trade receivables, accrued expenses, and other receivable, including amounts due from related parties in the consolidated financial statements.

Subsequent measurement of financial assets
Debt instruments that meet the following conditions are measured later at the amortized cost.
The financial base is retained within a business model aimed at preserving financial assets in order to collect contractual cash flows And;

- Contractual terms for financial assets lead to cash flows on specific dates consisting only of the original amount and interest on the outstanding principal.
- Subsequently, financial instruments meeting certain conditions are measured at fair value through other comprehensive income.
- Financial assets are held within a business model that achieves its objective through collecting contractual cash flows and selling financial assets and;
- Contractual terms for financial assets lead to cash flows on specific dates consisting only of the original amount and interest on the outstanding principal.

By default, all other financial assets are subsequently measured at fair value through profit or loss.

Impairment of financial assets
The group recognizes expected credit losses for all debt instruments not held at fair value through profit or loss and other comprehensive income. Expected credit losses are based on the difference between contractual cash flows due according to the contract and all cash flows the group expects to receive, discounted at the original effective interest rate. Expected cash flows include cash flows from the sale of held-for-sale securities or other credit enhancements considered an integral part of the contractual terms.
Expected credit losses are classified into two stages: for exposures to credit risks with no significant increase in credit risk since initial recognition, an allowance for expected credit losses is formed for credit losses resulting from potential default events within the next 12 months (12 -month expected credit losses). For exposures to credit risks with a significant increase in credit risk since initial recognition, an allowance for losses must be formed for the remaining period of risks regardless of the timing of default (lifetime expected credit losses).

Derecognition of financial assets
Derecognition of a financial asset (or a portion of the financial asset or a portion of a group of similar financial assets) (i.e. ,except for it from the group's consolidated financial statements primarily occurs) when:

- The right to receive cash flows from the asset expires, or
- The group transfers its rights to receive cash flows from an asset or to assume an obligation to pay cash flows received in full without material delay to a third party under a "pass-through" agreement, or (a) the group transfers all risks and rewards of the asset or (b) the group does not transfer or retain all risks and rewards of the asset but transfers control over the asset.

4- Material accounting policy information (continued)

4.4 Financial instruments (continued)

4.4.1 Financial Assets (continued)

Derecognition of financial assets (continued)

When the group transfers its rights to receive cash flows from an asset or enters into pass-through arrangements, it evaluates whether, and to what extent, it has retained the risks and rewards associated with ownership and has not transferred or retained substantially all risks and rewards associated with the asset and has not transferred control over the asset, and the group continues to recognize the asset transferred to the extent of the group's continuing involvement with it. In that case, the group also continues to recognize the liabilities associated with the asset. The associated liability and the transferred asset are measured based on the rights and obligations retained by the group.
The continuing involvement that takes the form of a guarantee on the transferred asset is measured at the original carrying amount of the asset and the maximum amount that the group could be required to repay - whichever is lower.

4.4.2 Financial Liabilities

The group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was obtained.

The accounting policy of the group for each category is as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are included in the statement of financial position at fair value with recognition of changes in fair value in the statement of profit or loss and other comprehensive income .The group has no held-for-trading liabilities and has not classified any financial liabilities as at fair value through the statement of profit or loss and other comprehensive income.

Other financial liabilities

The Group's interest bearing liabilities are initially recognized at fair value, net of any transaction costs directly attributable to the issuance of the instrument. These interest-bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense over the payment period is at a constant rate on the balance of the liability included in the statement of financial position. For the purposes of each financial liability, interest expense includes the initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
The Group's financial liabilities measured at amortized cost consist of retained insurance, trade payables, accrued expenses and other credit balances, due to related parties, lease obligation, and retained insurance.

Derecognition

When an existing financial obligation is exchanged for another from the same lender on substantially different terms or the terms of an existing obligation are substantially modified, such exchange or modification is treated as a derecognition of the original obligation and recognition of a new legal liability. The difference in the relevant book values is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and liabilities are settled ,and the net amount is displayed in the financial position statement only when the group is:

- It has the right and duty to access legally recognized amounts; and
- Intends either to settle on a net basis, or to achieve the principal and settle the commitment at the same time.

Income and expenses are not offset against profit or loss unless required or permitted by International Financial Reporting Standards.

4.5 Cash and cash equivalents

Cash and its equivalents consist of cash in hand and short-term deposits with banks that have a maturity of three months or less and are subject to insignificant risks of changes in value. Restricted cash and its equivalent , which are not available for use, are excluded from cash and its equivalents for the purpose of the statement of cash flows.

4.6 Murabaha term deposits

Murabaha term deposits are Islamic financing at local commercial banks with a maturity of more than three months from the purchase date, and are expected to be sold within a year from the financial year date.

4- Material accounting policy information (continued)

4.7 Available and Visas in use

Purchased visas
Visas purchased represent amounts paid to government entities in exchange for issuing visas for human resources and are recorded at cost.

Visas in use
Visas that are used in recruitment and transferred from purchased visas are classified as Visas in use and are amortized in the profit or loss statement and comprehensive income in a straight-line basis over a period of two years or the contract period, whichever is shorter. The amount of Visas in use is amortized in the profit or loss statement and comprehensive income in case of contract termination or any impediment to the continuation of service provision. Visas in use are classified as current and non-current assets.

Available visas
Available visas represent the balance of unVisas in uses from purchased visas until the date of the consolidated financial statements. Amounts of available visas are transferred to Visas in use upon stamping visas for recruited human resources at the embassies of the Kingdom of Saudi Arabia. Available visas are classified as current assets.

Residency fees and work permits

Residency fees and work permits are amortized in the profit or loss statement and comprehensive income over a year according to the validity of these permits, except for residency fees and work permits for labor (new arrivals) which are amortized over a period of 15 months from the arrival date.

4.8 Leases

Determining whether any contract represents or includes a lease at inception. A contract represents or includes a lease if it conveys the right to control the use of a specified asset or assets for a period of time in exchange for consideration.

Company as a lessee
Right-of-use assets
A lease contract is recognized as right-of-use assets with corresponding liabilities on the date the leased assets become ready for use by the group. Each lease payment is allocated between the liability and finance cost.
Finance cost is recognized in the consolidated profit or loss statement over the lease term. Right-of-use assets are depreciated over the asset's useful life and the lease term, whichever is shorter, on a straight-line basis.

Right-of-use assets are initially measured at cost and consist of:
- Initial measurement of lease liability,
- Any lease payments made at or before the lease commencement date less any lease incentives received,
- Any initial direct costs, and
- Restoration costs, when applicable.

Lease Liabilities
On the commencement date of the lease agreement ,the Group records lease obligations measured at the present value of lease payments to be made over the lease term. Lease payments (include fixed payments) including in substance fixed payments, less any incentives receivable and variable lease payments based on an index or rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of purchase options when there is reasonable certainty that the Group will exercise the option and payments of penalties for lease cancellations if lease terms provide for the Group to cancel. For variable lease payments not based on an index or rate, they are recognized as an expense in the period in which they are incurred. Lease payments are discounted using the interest rate implicit in the lease or the Group's incremental borrowing rate.

Short-term leases and low-value asset leases
Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the Group's capitalization threshold and are considered immaterial to the Group's overall financial position. Short-term lease payments and low-value asset lease payments are recognized on a straight-line basis in the consolidated statement of profit or loss.

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

4- Material accounting policy information (continued)
4.8 Leases

Variable lease payments
Some leases include variable payments that are linked to the use/performance of the leased asset. These assets are recognized in the consolidated statement of profit or loss.

Company as a lessor
Leases in which the Company does not transfer substantially all risks and benefits of ownership are classified as operating lease contracts. Direct initial costs incurred in negotiating and arranging an operating lease agreement are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as lease income. Contingent rents are recognized when earned.

4.9 Property and equipment
Register assets and equipment at cost minus accumulated depreciation and impairment losses, if any. The initial cost includes the purchase price and any costs directly related to delivering these assets and equipment to the operating site and making them ready for operation. Expenses incurred after the operation of assets and equipment, such as repairs maintenance, and major renovations, are included in the profit or loss statement and other comprehensive income in the period in which these expenses are incurred. In cases where it is clearly evident that expenses have led to an increase in the expected future economic benefits to be derived from the use of an asset or equipment beyond the originally defined performance standard, these expenses are capitalized as additional cost to the assets and equipment. If there are significant and essential parts of an asset or equipment with different useful lives, then they are accounted for as separate items (major components) of the assets and equipment. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets and equipment items. The estimated useful lives of the major asset items are as follows:

Item	Estimated Life (years)
Buildings	30 years
Central air conditioning equipment	10 years
Leasehold improvements	20 years or lease term ,whichever is shorter
Furniture and fixtures	5 - 7 years
Computer's software and devices	5 years or license term ,whichever is shorter
Electrical equipment and signboards	5 - 7 years
Vehicles	4 - 5 years

Recognition of any item of assets and equipment is discontinued when it is disposed of or when no future economic benefits are expected from its use or sale. Any gain or loss arising from the disposal of the asset (calculated as the difference between the net proceeds from disposal and the net book value of the asset) is recorded in the profit or loss statement upon disposal of the asset. The remaining value, useful lives, and methods of depreciation of assets and equipment are reviewed at the end of each financial year, and adjustments are made on a prospective basis, if necessary.

4.10 Projects under constructions
Projects under constructions appear at cost and are allocated a provision for any decrease in value, if any. Projects under constructions are classified as property and equipment upon completion of these projects.

4.11 Intangible Assets
Intangible assets acquired individually are measured at cost upon initial recognition.The cost of intangible assets acquired through business combinations is the fair value at the acquisition date. After initial recognition, intangible assets are shown at cost less any accumulated amortization and accumulated impairment losses - if any. Intangible assets generated internally (except for capitalized development costs) are not capitalized and are included in the statement of profit or loss and other comprehensive income in the year in which these expenses are incurred.
The expected useful lives of intangible assets are determined either on a specified or unspecified basis. For intangible assets with a specified useful life, they are amortized over the economic useful life period and evaluated for impairment when there is an indication of a potential decrease in value. The amortization period and method for intangible assets with a specified useful life are reviewed at least at the end of each financial reporting period. Changes in the expected useful life or the expected pattern of future economic benefits of the asset are accounted for by changing the period or method of amortization - as needed - and treated as changes in accounting estimates. The amortization expense for intangible assets with a specified useful life is recognized in the statement of profit or loss and other comprehensive income as expenses that relate to the function of the intangible asset.

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

4- Material accounting policy information (continued)

4-11 Intangible Assets (continued)

Intangible assets with an unspecified useful life are not amortized but are tested for impairment annually either individually or at the cash-generating unit level. The assessment of the indefinite useful life of the asset is reviewed annually to determine the continued justification for the indefinite useful life. If these justifications no longer exist, the useful life is changed to a specified useful life on a prospective basis.

The profits or losses arising from the derecognition of intangible assets are measured as the difference between the net proceeds from derecognition and the carrying amount of the asset, and are recognized in the statement of profit or loss and other comprehensive income upon derecognition of the asset.

The Group's intangible assets include technology software that the Group has acquired and are measured at cost less accumulated amortization and any accumulated impairment losses. The company applies the following annual amortization rates to its intangible assets:

Item	Estimated Life (years)
Software licenses	5 years or license period whatever less

4.12 Impairment of non-financial assets

The group estimates whether there is an indication of an impairment loss in the preparation of the financial statements. If there is any indication of impairment, or when an annual impairment test is required, the group estimates the recoverable amount of the asset. The recoverable amount of the asset is the higher of the fair value of the asset or the cash-generating unit less costs to sell or value in use of the asset, whichever is higher. An asset is impaired if its carrying amount exceeds its recoverable amount, and the asset's value in use is determined unless the asset does not generate largely independent cash flows from other assets or groups of assets. When the carrying amount of the asset or cash-generating unit exceeds its recoverable amount, the asset's value must be reduced to its recoverable amount. When determining the value in use Future cash flows are discounted to present value using the pre-tax discount rate reflecting market estimates of the time value of money and risks associated with the asset. When determining fair value less costs of disposal, recent market transactions are considered, if available, or an appropriate valuation model is used. These values are verified by comparing them to valuation multiples and stock prices of publicly traded subsidiary companies or through other fair value indicators. The group calculates impairment based on detailed budgets and estimates prepared separately for each cash-generating unit to which individual assets are allocated. These detailed budgets and estimates typically cover five years. For longer periods, a long-term growth rate is calculated and applied to future cash flows of the project after the fifth year.

Recognition of impairment losses for ongoing operations in the profit or loss statement within the appropriate expenses for the function of assets that have experienced a decrease in value. An assessment is made at the date of each report to determine whether there are any indications that previously recognized impairment losses for non-financial assets, except for goodwill, no longer exist or have decreased. The reversal of impairment losses is included in the profit or loss statement.

4.13 Provisions, contingent liabilities, and contingent assets

Provisions are recognized in the financial statements when the group has a present obligation (legal or constructive) as a result of a past event ,and it is probable that the group will be required to settle these obligations, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the amount required to settle the current obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation .When a provision is measured using estimated cash flows to settle the current obligation, its carrying amount is the present value of those cash flows.

When it is expected that some or all of the economic benefits required to settle the provision will be recovered from a third party, receivables are recognized as an asset if it is virtually certain that the payment will be received, and the amount of the receivables can be measured reliably.

Contingent liabilities are not included in the consolidated financial statements unless the use of economic resources to settle a current or expected legal obligation as a result of past events is probable with a significant possibility of estimating the expected amount to be paid. Otherwise, contingent liabilities are disclosed unless the possibility of incurring economic losses is remote.

Contingent assets are not included in the consolidated financial statements but are disclosed when the realization of economic benefits as a result of past events is probable.

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

4- Material accounting policy information (continued)

4.14 Retained deposits

Retained deposits represents amounts received in advance from customers and employment agents as insurance for employment contracts. These amounts are refunded at the end of the contract after deducting the amounts due to the group or to the human resources from customers and employment agents. Retained insurance is classified as current and non-current assets.

4.15 Employees' defined benefits liabilities

The group manages a program of specific benefits for its employees in accordance with the labor system in the Kingdom of Saudi Arabia. The current value of the defined benefits cost under the program is determined using the expected unit credit method.

Remeasurements, consisting of actuarial gains and losses, the impact of the asset ceiling (except for amounts included in the net return on the net liabilities of the defined benefits) and the return on program assets (except for amounts included in the net return on the net liabilities of the defined benefits), are recognized immediately in the consolidated statement of financial position and within retained earnings through other comprehensive income in the period they occur. Remeasurement remeasurements are not reclassified in the consolidated statement of profit or loss and other comprehensive income in subsequent periods.

Post-employment costs are recognized in the consolidated statement of profit or loss and other comprehensive income either:

- At the date of amendment of the program or the date of reduction of the program term, or
- At the date the group records restructuring costs related to either.

Net commission is calculated by applying the discount rate to the net liability or asset of the defined benefits program . The group records the following changes in the net liability of the defined benefits under" cost of sales" ,"administrative expenses ,"and" selling and distribution expenses "in the consolidated statement of profit or loss and other comprehensive income (by function):

- Service costs consist of service costs, post-employment costs, and gains and losses related to program term reductions or routine settlements.
- Net expense or revenue commission.

Commission is calculated by applying the discount rate at the beginning of the period to the net liability of the defined benefits. The costs of the defined benefits are classified as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses resulting from workforce reductions and settlements),
- Commission expense ,and
- Remeasurement operations.

The group presents the first two components of the defined benefits costs components in profit or loss within the relevant items.

Short-term employee benefits

Commitment to meeting the rightful benefits of employees regarding salaries, wages, annual leave, travel tickets, and expected sick leave payments in full within twelve months after the period in which employees provide the related services is demonstrated. Commitment to the undiscounted amount of expected benefits to be paid for those services is proven.

4.16 Revenues

Primarily, revenue is generated from providing labor services to customers. The group records its revenue based on the following sequence:

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Recognize revenue when (or as) the entity satisfies a performance obligation. **,**which occurs when the service is provided to the customer. Performance obligation is the promise to provide the service to the customer. Upon satisfying performance obligations, revenue is recorded at the fair value of the service provided, except for any amounts collected on behalf of any external parties and any discounts on the price.

If the customer's service invoice includes specific different services, the invoice price is distributed proportionally **,**and service revenue is recognized upon satisfaction of performance obligations and provision of the service to the customer. The group provides its services directly to customers and does not act as an agent for any other parties.

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

4- Material accounting policy information (continued)

4.16Revenues (continued)

The group recognized revenue from services provided to customers using the following five-step model in accordance with International Financial Reporting Standard **15**:

Step:1 Identify the contract with a customer. When:

- The contract is approved and the parties are committed to it;
- Rights of each party are identified;
- Payment terms are specified;
- The contract has commercial substance and;
- Collection is probable.

Step:2 The group identifies the goods and services promised in the contract and identifies whether each promised good or service is a separate performance obligation. A promised good or service is distinct from other obligations in the contract if:

- The customer can benefit from the good or service on its own or together with other resources available to the customer ;and
- The good or service can be identified separately and distinguished from other goods and services specified in the contract.

Step:3 The group identifies the transaction price, which is the amount of consideration that the group expects to be entitled to in exchange for transferring the promised goods or services to the customer.

Step:4 Allocate the transaction price to each separate performance obligation based on the standalone selling prices of the goods or services being provided to the customer in any arrangement.

Step:5 Revenue is recognized when control of the goods and services is transferred to the customer. The group transfers control when the customer obtains control of those goods and services. The customer has control of the goods or services if they have the ability to direct the use and receive the benefits from the goods and services.

The group acts as an agent when its performance obligation is to arrange for the provision of a specified good or service by another party. In such cases, the group does not control the specified goods or services provided by the other party until those goods or services are transferred to the customer. When the group satisfies a performance obligation as an agent, revenue is recognized for any fees or commissions expected to be received for arranging the specified goods or services to be provided by the other party.

4.17Unearned Revenue

Unearned (deferred) revenue represents amounts received in advance from customers upon signing contracts for the provision of human resources services. These amounts are recognized as revenue in the consolidated statement of profit or loss and other comprehensive income when earned.

4.18 Income from Dividends

Income from dividends from investments is recognized when the group is entitled to receive them.

4.19 Other Revenues

All other revenues are recognized on the basis of the accrual principle when the group is entitled to them.

4.20 Expenses

Selling and distribution expenses ,as well as general and administrative expenses, include direct and indirect costs that are not specifically part of the cost of sales. Allocation between cost of sales and selling and distribution expenses, as well as general and administrative expenses, is made, when necessary, based on consistent principles.

4.21 Foreign Currencies

Foreign currency transactions are initially recorded by the group's entities in their functional currency at the prevailing exchange rate on the transaction date.

The assets and liabilities of a monetary nature in foreign currency are retranslated into the functional currency at the prevailing spot rate on the date of preparation of the consolidated financial statements.

All differences arising upon settlement or translation of monetary items are recorded in the profit or loss and other comprehensive income in the consolidated financial statements. Non-monetary items measured at historical cost in a foreign currency are translated at the prevailing currency rate on the date of the underlying transaction. Non-monetary items in foreign currencies measured at fair value are translated using the currency rate on the date of determining their fair value. The gains or losses arising from the retranslation of non-monetary items are treated in the same manner as gains or losses arising from changes in fair value of the item (i.e., translation differences of items recognized in the profit or loss or other comprehensive income are also treated in the same manner accordingly).

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

4- Material accounting policy information (continued)

4.22 Zakat and Taxes

Zakat
The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax, and Customs Authority in the Kingdom of Saudi Arabia" the Authority", and the expense of Zakat is recognized as an expense in the profit or loss and other comprehensive income on the date of preparation of the consolidated financial statements. Any differences in Zakat expense are settled in the financial year in which the final reconciliation is adopted, and any differences between Zakat and the final reconciliation are disclosed in the profit or loss.

Value Added Tax
Revenues, expenses, and assets are recognized at net value (except for Value Added Tax) except in the following cases:

- If Value Added Tax incurred on the acquisition of assets or services is not recoverable from the tax authority ,Value Added Tax is recognized as part of the cost of purchasing the asset or as part of the expense item, as applicable.
- Including both accounts payable and accounts receivable in the amount of Value Added Tax.

Net Value Added Tax that can be recovered from - or paid to - the tax authority is recorded within accounts payable and accounts receivable in the consolidated financial statements.

4.23 Reserves
According to the company's bylaws, the Group must transfer 10% of the net income for the year to the statutory reserve until the total of this reserve reaches 30% of the capital. This reserve is not distributable.
On 9 Dhu al-Qi'dah 1444 AH (corresponding to29 May 2023), an extraordinary general assembly was held where it approved the conversion of the previous statutory reserve into a contractual reserve while continuing to avoid 10% of its net profits to form a contractual reserve until the total of this reserve reaches 30% of the capital, and the articles of association of the company were amended accordingly Note (1)

According to the amended articles of association, the ordinary general assembly, when determining the share of the dividend in the net profits, may decide to form reserves to the extent that it serves the company's interest or ensures the distribution of a fixed dividend to the shareholders as much as possible.

4.24 Dividends
Cash or non-cash distributions to the shareholders in the parent company are recognized as obligations upon approval of the distribution. According to the Companies Law in the Kingdom of Saudi Arabia, profit distributions are approved by the shareholders. The distributed amount is deducted directly from the ownership rights and recognized as obligations, and the board of directors may approve interim profit distributions to be ratified by the subsequent general assembly.
Non-cash distributions, if any, are measured at the fair value of the assets to be distributed, and the revaluation of fair value is directly recognized in the ownership rights.
When distributing non-cash assets, any difference between the book value of liabilities and the book value of the distributed assets is recognized in the profit or loss statement and the consolidated statement of comprehensive income.

5- New Standards, Interpretations, and Amendments in the Current Year
The new and amended International Financial Reporting Standards that became effective for annual periods beginning on or after 1 January 2023 had no material impact on the disclosures or amounts presented in these financial statements.

Extension of the Temporary Exemption from Applying International Financial Reporting Standard 9 (Amendments to International Financial Reporting Standard 4)
The amendment extends the expiry date of the temporary exemption in International Financial Reporting Standard 4 Insurance Contracts from applying International Financial Reporting Standard 9 "Financial Instruments," requiring entities to apply International Financial Reporting Standard 9 for annual periods beginning on or after 1 January 2023.

International Financial Reporting Standard 17 Insurance Contracts and its Amendment
The amendments require that insurance liabilities be measured at the present value of the fulfillment, and provide a uniform measurement and presentation method for all insurance contracts. These requirements are designed to achieve the goal of consistent and principle-based accounting for insurance contracts. These amendments also address the concerns and implementation challenges identified after the publication of International Financial Reporting Standard 17 Insurance Contracts in 2017.

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

5- New Standards, Interpretations, and Amendments in the Current Year (continued)

5.1 New Standards, Interpretations, and Amendments which are effective in the Current Year

Amendments to International Accounting Standard 1 and International Financial Reporting Standard 2 (Disclosure of Accounting Policies)

The amendments require entities to disclose their core accounting policies, rather than their significant accounting policies. Further amendments explain how an entity can determine a core accounting policy. Examples are added of when an accounting policy may be significant. To support the amendment, the Board also developed guidance and examples to explain and demonstrate the application of the "four-step materiality process" outlined in International Financial Reporting Standard 2.

Amendment to International Accounting Standard 8 (Accounting Estimates)

The amendments replace the definition of changes in accounting estimates with a definition of accounting estimates. According to the new definition, accounting estimates represent "cash amounts in the financial statements that are subject to uncertainty in measurement." Entities make accounting estimates if accounting policies require items in the financial statements to be measured in a way that involves uncertainty in measurement. The amendments clarify that any change in an accounting estimate resulting from new information or developments is not a correction of an error.

Deferred tax related to assets and liabilities arising from a single transaction (Amendments to International Accounting Standard12)

The amendments clarify that initial recognition exemption does not apply to transactions that give rise to deductible temporary differences subject to tax at initial recognition.

5.2 New Standards, Interpretations, and Amendments which are not yet effective in the Current Year

The following is a statement of new and amended standards and interpretations issued and not yet effective as at the date of the financial statements beginning on or after 1 January 2024, with early application permitted but the company has not applied them when preparing these financial statements.

Amendments to International Accounting Standard 1 "Presentation of Financial Statements"

The amendments aim to enhance consistency in applying the requirements by assisting companies in determining whether debts and other obligations with uncertain payment dates should be classified as current (due or likely to be due for payment within one year) or non-current in the financial position.

Lease Liability in Sale and Leaseback Transactions (Amendments to International Financial Reporting Standard 16)

The amendment explains how the seller - lessee subsequently measures sale and leaseback transactions that meet the criteria in International Financial Reporting Standard 15 to be accounted for as a sale.

Non-current Liabilities linked to Covenants (Amendments to International Accounting Standard 1)

The amendment illustrates how the covenants that the entity must comply with within twelve months after the reporting period affect the classification of the liability.

Amendments to International Financial Reporting Standard 10 Consolidated Financial Statements and International Accounting Standard 28 Investments in Associates and Joint Ventures (2011)

The amendments relate to the treatment of the sale or contribution of assets by the investor in an associate or joint venture.

International Sustainability Standard (1) General Requirements for Disclosure of Sustainability-Related Financial Information

- Requires the entity to disclose information about all sustainability-related risks and opportunities that are reasonably expected to impact the entity's cash flows ,access to financing, or cost of capital in the short ,medium ,or long term referred to collectively as" reasonably expected to impact the entity's prospects. ("Standard 1 describes how the entity prepares financial disclosures related to sustainability and reports on them. It also specifies the general requirements for the content and presentation of those disclosures to ensure that the information disclosed is useful to users in making decisions related to providing resources to the entity.
- The facility is required to disclose information about the risks and opportunities related to climate that are expected to impact the cash flows of the facility or its access to financing or cost of capital in the short, medium, or long term (referred to collectively as" risks and opportunities related to climate that are reasonably expected to affect the facility's prospect").

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

5- New Standards, Interpretations, and Amendments in the Current Year (continued)
5-2 New Standards, Interpretations, and Amendments which are not yet effective in the Current Year

International Sustainability Standard 2 specifies the requirements for disclosing information about the risks and opportunities related to climate for the facility to enable users of general-purpose financial reports to understand the following:

A) The governance processes, controls, and procedures used by the facility to monitor and manage climate-related risks and opportunities
B) The facility's strategy for managing climate-related risks and opportunities;
C) The processes used by the facility to identify, assess, prioritize, and monitor climate-related risks and opportunities, including whether these processes are integrated into the facility's overall risk management process and how they are conducted; and
D) The facility's performance regarding climate-related risks and opportunities, including progress towards any climate-related goals it has set, and any goals required to be achieved by law or regulations.

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

6- Cash and cash equivalents

	As at	
	31 December 2023	31 December 2022
Cash at bank	**35,574,662**	115,334,919

7- Murabaha term deposits

The balance of Murabaha term deposits as at 31 December 2023 amounted to 200 million Saudi Riyals (31 December 2022: 140 million Saudi Riyals). These are Islamic Murabaha deposits held until maturity dates in high credit local banks, The deposits include an amount of 10 million Saudi Riyals (31 December 2022: 10 million Saudi Riyals). It's related to the license issued by the Ministry of Human Resources and Labor Development.
Revenues generated from Islamic Murabaha during the year ended 31 December 2023 amounted to 14.9 million Saudi Riyals (31 December 2022: 1.4 million Saudi Riyals) - as explained in note 28.

8- Trade receivables, net

	As at	
	31 December 2023	31 December 2022
Trade receivables	**337,618,595**	262,100,444
Less: Expected credit losses in the value of trade receivables	**(35,876,833)**	(33,498,307)
	301,741,762	228,602,137

The movement of expected credit losses provision is as follows:

	As at	
	31 December 2023	31 December 2022
Balance at the beginning of the year	**33,498,307**	34,483,774
Charged during the year	**2,807,807**	(985,467)
Write-off during the year	**(429,281)**	-
Balance at the end of the year	**35,876,833**	33,498,307

The following is the aging of trade receivables overdue and whose value has not impaired as follow:

	As at	
	31 December 2023	31 December 2022
From 0 to 90 days	**267,988,995**	208,724,772
From 91 to 180 days	**15,614,376**	9,423,235
From 181 to 270 days	**8,482,210**	4,887,329
From 271 to 360 days	**7,443,926**	4,650,337
Overdue for more than 360 days	**38,089,088**	34,414,771
	337,618,595	262,100,444

The balance of trade receivables as at 31 December 2023, includes an amount of 240,739,845 million Saudi Riyals secured by bank guarantees and promissory notes (31 December 2022:178,838,940 million Saudi Riyal).

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

9- Prepayments and other debit balances

	As at	
	31 December 2023	31 December 2022
Recruitment fees	**54,261,307**	114,393,872
Residency and work permit fees	**49,693,579**	71,180,476
Advances to suppliers	**40,269,306**	22,430,376
Insurance and medical check-up	**15,998,235**	14,158,333
Prepaid employees' benefits	**6,754,438**	5,831,587
Islamic Murabaha accrued income	**6,611,866**	1,146,265
Prepaid expenses	**4,405,565**	3,209,623
Letter of guarantee margin	**5,141,347**	245,108
Prepaid expenses for public subscription	**2,609,622**	-
Others	**3,289,629**	2,682,239
	189,034,894	235,277,879

10- Balances and major transactions with related parties

Related parties include senior management employees, board members, major shareholders of the group and their subsidiary companies. Related parties also include business entities in which some board members and senior management employees have an interest (other related parties).
Transactions with related parties and entities under common control are conducted in accordance with agreed terms and conditions approved by the group management or the board of directors.

A) Transactions with related parties

The following are details of the most important transactions conducted by the group with related parties during the year

			For the year ended	
Related party	**Nature of relationship**	**Nature of transaction**	**31 December 2023**	31 December 2022
AlHoloul AlMutakamela Holding Company (Shareholder)	Ultimate parent company	Dividends	**119,000,000**	78,657,135
		Settlement of liabilities on behalf of a related party	**-**	6,956,691
		Investment	**-**	1,102,000
		Joint services revenues (human resources and legal resources)	**656,000**	1,042,973
		Payments on behalf	**15,518,860**	7,318,275
Saudi Facilities Management Company	Affiliate company	Other workforce services revenues	**46,686,073**	45,357,070
		Settlement of liabilities on behalf of a related party	**-**	17,258,239
		Facility services (operating and maintenance costs)	**19,405,373**	9,897,418
		Joint services revenues (human resources and legal resources)	**522,000**	-
		Payments on behalf	**759,724**	2,134,688
Esnad Building Cleaning Services Company	Affiliate company	Joint services revenues (human resources and legal resources)	**270,000**	-

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

10- Balances and major transactions with related parties (continued)
A) Transactions with related parties (continued)

Related party	Nature of the relationship	Nature of the transaction	For the year ended 31 December 2023	31 December 2022
Saudi Medical Services Company	Affiliate company	Manpower services and others	**6,253,091**	12,566,815
		Medical services expenses	**107,370**	-
		Payments on behalf	**-**	12,900
		Settlement of liabilities on behalf of a related party	**-**	24,214,930
		Joint services revenues (human resources and legal resources)	**238,000**	-
Areeb Human Resources Company	Affiliate company	Manpower services and others	**516,710**	352,334
		Payments on behalf	**214,026**	18,044
		Joint services revenues (human resources and legal resources)	**227,000**	-
Riyadh Inn Hotel	Board member	Manpower services and others	**3,335**	170,644
Fnon Services for Operation and Maintenance Establishment	Executive management	Manpower services and others	**1,356,556**	890,077
Alfa Limited for Operation Services Company	Related party to shareholder	Manpower services and others	**811,745**	561,492
Modern Electronic Company (Sony)	Related party to shareholder	Manpower services and others	**356,768**	359,284
AlSafi Danone limited company	Related party to shareholder	Manpower services and others	**6,109,008**	-

B) Senior executives and committees' allowances and remunerations:

	As at 31 December 2023	31 December 2022
Salaries and remunerations of senior management	**9,614,575**	6,540,522
Board of Directors bonuses	**3,876,996**	200,000
Defined benefits liabilities *	**1,982,130**	1,783,234
	15,473,701	8,523,756

*Not paid yet.

C) Due from related parties

	As at 31 December 2023	31 December 2022
Saudi Facilities Management Company	**4,587,819**	5,755,427
Saudi Medical Services Company	**1,154,629**	5,050,248
Areeb Human Resources Company	**35,168**	1,035,825
Esnad Building Cleaning Services Company	**-**	5,051,782
	5,777,616	16,893,282

D) Due to related parties

	As at 31 December 2023	31 December 2022
AlHoloul AlMutakamela Holding Company (Shareholder)	**-**	923,759
	-	923,759

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

11- Visas in use

The movement of Visas in use during the year is as follows:

	As at	
	31 December 2023	31 December 2022
Balance at the beginning of the year	**26,919,608**	26,444,687
Available visas during the year (Note 12)	**28,308,000**	32,304,283
Amortization during the year	**(26,064,383)**	(30,950,575)
Charged to trade payables	**(4,338,883)**	(878,787)
Balance at the end of the year	**24,824,342**	26,919,608
(Less): Current portion	**(16,836,185)**	(21,055,426)
Non-current portion	**7,988,157**	5,864,182

12- Available visa

Available visas represent the balance of unVisas in uses as at the date of the consolidated financial statements. Amounts of available visas are transferred to Visas in use upon stamping the visas for the human resources recruited in the embassies of the Kingdom of Saudi Arabia and their arrival in the Kingdom of Saudi Arabia.

The movement of available visas is as follows:

	As at	
	31 December 2023	31 December 2022
Balance at the beginning of the year	**35,560,717**	27,776,000
Visas purchased during the year, net	**24,472,000**	40,089,000
Transferred to Visas in use (Note11)	**(28,308,000)**	(32,304,283)
Balance at the end of the year	**31,724,717**	35,560,717

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

13- Property and equipment, net

	Lands	Buildings	Central air conditioning units	Leasehold improvements	Furniture and fixtures	Computers	Electrical equipment and signboards	Vehicles	Total
Cost									
1 January 2022	57,249,984	39,144,921	4,173,086	17,143,931	13,495,739	22,278,150	12,858,603	67,702,498	234,046,912
Additions	-	-	-	998,922	2,508,709	3,839,911	988,742	9,043,101	17,379,385
Disposals	(2,684,759)	-	-	-	-	(2,636,503)	(69,244)	(852,573)	(6,243,079)
Transferred from the ultimate parent company	-	-	-	11,126	236,117	155,113	-	-	402,356
Transferred to the ultimate parent company	-	-	-	(2,248,688)	(150,139)	(784,836)	(26,550)	(358,913)	(3,569,126)
31 December 2022	**54,565,225**	**39,144,921**	**4,173,086**	**15,905,291**	**16,090,426**	**22,851,835**	**13,751,551**	**75,534,113**	**242,016,448**
Additions	**-**	**-**	**-**	**256,438**	**2,173,594**	**963,516**	**335,837**	**11,649,388**	**15,378,773**
Disposals	**-**	**-**	**-**	**(334,930)**	**(33,454)**	**-**	**(45,375)**	**(3,010,500)**	**(3,424,259)**
Assets classified as held for sale (*)	**-**	**-**	**-**	**-**	**(657,233)**	**-**	**-**	**-**	**(657,233)**
31 December 2023	**54,565,225**	**39,144,921**	**4,173,086**	**15,826,799**	**17,573,333**	**23,815,351**	**14,042,013**	**84,173,001**	**253,313,729**
Accumulated depreciation									
On 1 January 2022	-	1,308,338	417,309	12,737,616	7,446,640	12,762,289	6,963,072	44,769,638	86,404,902
Depreciation of the year	-	1,304,831	417,309	1,088,518	1,495,453	3,372,434	1,297,098	11,151,447	20,127,090
Depreciation for the year from discontinued operations	-	-	-	709,189	26,270	60,201	4,068	55,302	855,030
Disposals	-	-	-	-	-	(1,998,253)	(23,799)	(548,190)	(2,570,242)
Transferred from the ultimate parent company	-	-	-	461	8,582	4,585	-	-	13,628
Transferred to the ultimate parent company	-	-	-	(1,213,137)	(34,204)	(89,075)	(5,277)	(97,520)	(1,439,213)
31 December 2022	**-**	**2,613,169**	**834,618**	**13,322,647**	**8,942,741**	**14,112,181**	**8,235,162**	**55,330,677**	**103,391,195**
Depreciation of the year	**-**	**1,304,831**	**417,309**	**820,051**	**1,633,858**	**3,083,512**	**1,260,283**	**11,719,092**	**20,238,936**
Disposals	**-**	**-**	**-**	**(277,203)**	**(17,375)**	**-**	**(43,953)**	**(2,255,569)**	**(2,594,100)**
Assets classified as held for sale	**-**	**-**	**-**	**-**	**(407,320)**	**-**	**-**	**-**	**(407,320)**
31 December 2023	**-**	**3,918,000**	**1,251,927**	**13,865,495**	**10,151,904**	**17,195,693**	**9,451,492**	**64,794,200**	**120,628,711**
Net book value									
31 December 2023	**54,565,225**	**35,226,921**	**2,921,159**	**1,961,304**	**7,421,429**	**6,619,658**	**4,590,521**	**19,378,801**	**132,685,018**
31 December 2022	54,565,225	36,531,752	3,338,468	2,582,644	7,147,685	8,739,654	5,516,389	20,203,436	138,625,253

* Based on the decision of the board of directors dated 14 December, 2023 corresponding to 1 Jumada Al-Akhir, 1445, a decision was taken to sell a part of the furniture and Fixtures of the former general administration building, and accordingly it was classified in the financial statements under the category of assets classified as held for sale

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

13- Property and equipment (continued)

Allocation of depreciation for the year ended 31 December is as follows:

	Note	For the year ended	
		31 December 2023	31 December 2022
Cost of revenue	22	**17,093,618**	16,839,235
General and administrative expenses	23	**2,934,112**	2,947,279
Selling and marketing expenses	24	**211,206**	340,576
		20,238,936	20,127,090

14- Projects under construction

The movement on projects under construction For the year ended 31 December 2023 is as follows:

	1 January 2023	**Additions**	**31 December 2023**
Accommodation Complex project (A)	**27,674,876**	**5,904,684**	**33,579,560**
Electronic programs (B)	**6,912,899**	**2,027,217**	**8,940,116**
Leasehold improvements (C)	**7,499**	**7,567,633**	**7,575,132**
Others	**-**	**200,000**	**200,000**
	34,595,274	**15,699,534**	**50,294,808**

The movement on projects under construction For the year ended 31 December 2022 is as follows:

	1 January 2022	Additions	31 December 2022
Accommodation Complex project	14,282,827	13,392,049	27,674,876
Electronic Programs	723,336	6,189,563	6,912,899
Leasehold improvements	7,499	-	7,499
	15,013,662	19,581,612	34,595,274

A. The accommodation complex project represent the exhibition building with a total cost estimated at 36.9 million Saudi Riyals and is expected to be completed in the second quarter of 2024.
B. The electronic programs project involves establishing electronic systems at a total cost estimated at 9.6 million Saudi Riyals and is expected to be completed in the second quarter of 2024.
C. The improvements project on leased buildings involves equipping the new General Administration building at a total cost estimated at 8.6 million Saudi Riyals and is expected to be completed in the second quarter of 2024.

15- Rights of use assets and Lease liabilities

The book values of rights of use assets and lease liabilities and the movement during the year are as follows:

Rights of use assets

	As at	
	31 December 2023	31 December 2022
As at 1January	**30,730,440**	40,184,948
Additions during the year	**14,783,394**	8,296,136
Disposals	**(2,621,836)**	(2,923,927)
Transferred to the ultimate parent company	**-**	(1,874,147)
Total	**42,891,998**	43,683,010
Depreciation during the year	**(13,421,575)**	(12,952,570)
As at 31 December	**29,470,423**	30,730,440

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

15- Rights of use assets and Lease liabilities (continued)

Allocation of depreciation for the year ended 31 December is as follow:

	Note	For the year ended	
		31 December 2023	31 December 2022
Cost of revenue	**22**	**11,037,792**	10,438,971
General and administrative expenses	**23**	**1,595,720**	1,590,924
Selling and marketing expenses	**24**	**788,063**	922,675
		13,421,575	12,952,570

Lease Liabilities

	As at	
	31 December 2023	31 December 2022
As at 1 January	**26,561,199**	36,582,034
Additions during the year	**14,783,394**	8,296,136
Disposals during the year	**(2,621,836)**	(2,923,927)
Transferred to the ultimate parent company	**-**	(2,631,610)
Total	**38,722,757**	39,322,633
Cost of financing lease contracts	**1,641,919**	1,138,892
Payments during the year	**(14,615,140)**	(14,733,308)
Amendments to lease contracts	**(10,921)**	832,982
As at 31 December	**25,738,615**	26,561,199
Less the current portion	**(10,557,608)**	(8,713,558)
Non-current portion	**15,181,007**	17,847,641

16- Intangible assets

Intangible assets consist of computer software's and the book values and movement during the year are as follow:

	As at	
Cost	**31 December 2023**	31 December 2022
As at 1 January	**7,553,708**	7,553,708
Additions during the year	**388,611**	-
As at 31 December	**7,942,319**	7,553,708
Accumulated amortization		
As at 1 January	**4,523,930**	3,345,960
Amortization during the year (Note 22)	**1,079,322**	1,177,970
As at 31 December	**5,603,252**	4,523,930
Net book value	**2,339,067**	3,029,778

17- Retained deposits

	As at	
	31 December 2023	31 December 2022
Retained deposits from customers	**98,829,709**	105,029,602
Deposits from recruitment agencies	**3,443,898**	3,237,660
	102,273,607	108,267,262
(Less): Current portion	**(47,073,657)**	(53,110,559)
Non-current portion	**55,199,950**	55,156,703

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

18- Accrued expenses and other credit balances

	As at	
	31 December 2023	31 December 2022
Vacations and tickets	**84,537,289**	91,328,824
Salaries and other benefits	**51,930,188**	39,361,561
Value added tax deposits	**19,307,357**	21,578,564
Others	**15,666,555**	9,937,856
	171,441,389	162,206,805

19- Zakat provision

Group Zakat status
The company has submitted its Zakat declarations for all years up to 2022, and the company received the final settlement for the years from 2013 to 2018 and settled its Zakat position until 2018 and obtained the Zakat certificates for these years. Zakat returns for the years from 2019 to 2022 are still under review by the Zakat, Tax, and Customs Authority in the Kingdom of Saudi Arabia. The settlement hasn't been raised for these years to date.

Zakat status of subsidiary companies

Terhab for Customer Experiences Limited Company
The company has submitted its zakat returns for all years until 2022, and has obtained final zakat certificates for these years, and the settlement hasn't been raised for these years to date.

Saudi Logistics Services Company Limited
The company has submitted its zakat returns for all years until 2022, and has obtained final zakat certificates for these years, and the settlement hasn't been raised for these years to date.

Saneem Investment Company
The company has submitted its zakat returns for the period since its inception on 6 March, 2022, until 30 December, 2022, and has obtained the final zakat certificate for that period and the settlement hasn't been raised for these years to date.

Romoz Al-Tatweer for Telecom and Information Technology Company
The company has submitted its zakat returns for the period since its inception on 17 February, 2020, until 31 December 2020, and for the years from 2021 until 2022, and has obtained zakat certificates for these years and the settlement hasn't been raised for these years to date.

The movement in zakat provision is represented in the following:

	As at	
	31 December 2023	31 December 2022
Balance as at 1 January	**9,561,152**	9,103,462
Zakat charged on profit or loss	**15,755,258**	11,709,356
Paid during the year	**(12,262,045)**	(11,251,666)
Balance as at 31 December	**13,054,365**	9,561,152

20- Employees' defined benefits liabilities

The movement of Employees' defined benefits liabilities during the year is as follows:

	As at	
	31 December 2023	31 December 2022
Balance as at1 January	**85,316,917**	75,805,198
Current service costs	**36,603,213**	29,537,054
Interest costs	**2,879,051**	1,187,523
(Loss)/ Gains on remeasurement of employees' defined benefits liabilities	**2,859,062**	(901,593)
Transferred to the ultimate parent company	**-**	(64,005)
Transferred to employee liabilities during the year) transfers(	**-**	607,307
Additions from acquisition of subsidiaries	**-**	346,607
Paid during the year	**(31,310,774)**	(21,201,174)
Balance as at 31 December	**96,347,469**	85,316,917

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

20- Employees' defined benefits liabilities (continued)

The sensitivity analysis for major actuarial assumptions are as follows:

	As at 31 December 2023		As at 31 December 2022	
	Employees %	**Labor %**	Employees %	Labor %
Discount rate	**4,45**	**4,45**	4,2	4,2
Expected salary increase rate	**4,70**	**4,70**	2,8	2,8
Retirement age / assumed exit	**60 years**	**60 years**	60 years	60 years

Sensitivity analyses of employees' defined benefits liabilities have been prepared based on the manner in which the impact is based on the obligation of the defined benefits as a result of reasonable changes in the key assumptions occurring at the end of the financial year. Sensitivity analyses are based on the change in the fundamental assumption, assuming all other assumptions are consistent. Sensitivity analyses may not be indicative of the actual change in the defined benefits obligation, and it is unlikely that changes in assumptions will occur in isolation.

	As at 31 December 2023		As at 31 December 2022	
	%	Saudi Riyal	%	Saudi Riyal
Discount rate				
Increase	+1%	90,922,723	+1%	82,065,043
Decrease	-1%	100,324,974	-1%	87,299,092
Expected salary incremental percentage				
Increase	+1%	100,736,441	+1%	87,735,409
Decrease	-1%	90,461,393	-1%	81,606,512

Risks related to employees' defined benefits liabilities:

Salaries increase risks:
The most common type of retirement benefits is where benefits are linked to final salaries .Risks arise when actual increases are higher than expected and therefore impact the liabilities.

Withdrawal risks:
Actual withdrawal risks that vary with valuation assumptions can impose risks to benefits liabilities. The movement in liabilities can be launched in both directions.

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

21 Revenue
The group follows a revenue recognition policy over time, and all revenues are recognized over the contract period in which services are provided, and revenues are classified into four categories.
Revenue classification by sector type:

Type of Sector	For the year ended	
	31 December 2023	31 December 2022
Individuals	**558,189,865**	534,780,365
Oil ,gas ,and petrochemicals	**339,797,241**	314,891,475
Construction	**282,939,897**	279,453,812
Facilities management	**118,945,761**	120,957,031
Retail	**112,543,326**	119,063,548
Hospitality	**107,921,373**	148,927,454
Healthcare	**107,825,276**	113,844,450
Industrial	**29,260,599**	25,997,191
Others	**169,767,937**	181,530,315
Total	**1,827,191,275**	1,839,445,641

Revenue has been classified by Customers' type:

Type of customers	For the year ended	
	31 December 2023	31 December 2022
Corporates – private	**961,750,060**	989,030,669
Individuals	**558,189,865**	534,780,365
Corporates - government and semi-governmental	**307,251,350**	315,634,607
Total	**1,827,191,275**	1,839,445,641

Revenue has been classified by service's type:

Type of services	For the year ended	
	31 December 2023	31 December 2022
Business	**1,269,001,410**	1,304,665,276
Individuals	**342,856,515**	301,091,205
Hourly service	**215,333,350**	233,689,160
Total	**1,827,191,275**	1,839,445,641

Revenue has been classified by contract's term:

Terms of contracts	For the year ended	
	31 December 2023	31 December 2022
One year and less	**1,292,064,364**	1,636,932,185
More than one year	**535,126,911**	202,513,456
Total	**1,827,191,275**	1,839,445,641

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

22- Cost of revenue

	For the year ended	
	31 December 2023	31 December 2022
Salaries and wages for rendered services	**1,082,806,673**	1,094,442,828
Residence fees and government work permits	**240,707,626**	267,478,539
Recruitment fees	**103,575,061**	89,353,212
Visas	**26,012,763**	30,950,578
Housing, food, and transportation	**25,919,256**	18,866,697
Insurance and medical check up	**24,282,285**	28,313,884
Maintenance, cleaning, and hospitality	**18,249,154**	16,781,735
Depreciation of property and equipment (Note 13)	**17,093,618**	16,839,235
Amortization of leasehold asset (Note 15)	**11,037,792**	10,438,971
Subscriptions	**9,865,095**	5,407,367
Utilities	**9,004,624**	9,741,893
Banking fees and commissions	**4,648,396**	5,598,300
Communications	**2,509,365**	6,278,460
Loyalty program points expenses	**1,648,787**	4,515,657
Amortization of intangible assets (Note 16)	**1,079,322**	1,177,970
Leases	**47,132**	1,305,576
Others	**5,331,206**	5,000,910
	1,583,818,155	1,612,491,812

23- General and administrative expenses

	For the year ended	
	31 December 2023	31 December 2022
Salaries and other benefits	**30,943,918**	25,508,401
Executive management and board of directors' bonuses	**3,876,996**	200,000
Depreciation of property and equipment (Note 13)	**2,934,112**	2,947,279
Licenses and subscriptions	**2,776,169**	2,311,051
Professional fees and consultations	**2,469,086**	1,530,009
Maintenance, cleaning, and hospitality	**1,929,523**	3,154,045
Communications	**1,757,110**	1,345,805
Amortization of right-of-use assets (Note 15)	**1,595,720**	1,590,924
Leases	**397,596**	624,804
Utilities	**165,102**	431,790
Stationery	**75,524**	172,616
Others	**4,528,945**	3,768,014
	53,449,801	43,584,738

24- Selling and marketing expenses

	For the year ended	
	31 December 2023	31 December 2022
Salaries and other benefits	**8,840,992**	6,760,076
Marketing and advertising	**9,502,373**	12,232,509
Amortization of right-of-use assets (Note 15)	**788,063**	922,675
Maintenance and cleaning	**309,511**	1,053,715
Depreciation of property and equipment (Note 13)	**211,206**	340,576
Utilities	**123,668**	47,041
Communications	**27,859**	27,600
Others	**931,434**	234,258
	20,735,106	21,618,450

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

25- Basic and diluted earnings per share

Basic and diluted earnings per share were calculated as the net profit for the year divided by the weighted average number of ordinary shares outstanding during the two years ended on 31 December 2023 and 2022 as follows:

	For the year ended	
	31 December 2023	31 December 2022
Net profit for the year attributable to the company's shareholders	**166,287,356**	150,249,210
Weighted average number of outstanding ordinary shares (*)	**400,000,000**	400,000,000
Earnings per share - Basic and diluted	**0.42**	0.38
Profit for the year from continuing operations	**166,287,356**	159,478,363
Earnings per share from continuing operations - Basic and diluted	**0.42**	0.40

(*) The weighted average number of shares For the year ended 31 December 2022 was adjusted to 400,000,000 shares instead of 40,000,000 shares, as the increase resulted from the stock split of one share into ten equal shares in accordance with the resolution of the Extraordinary General Assembly held on 9 Dhu al-Qi'dah 1444 AH (corresponding to 29 May, 2023) - (Note 1).

26- Discontinued operations

The discontinued operations are represented in the business Esnad Building Cleaning Services Company and Areeb Human Resources Company, which their entire ownership was transferred at book value as of 30 November 2022 to AlHoloul AlMutakamela Holding Company (Note 1), as part of the Group's restructuring process. The results of the operations of the above two companies have been restated within the discontinued operations for the period ended 31 December 2022 in the consolidated statement of profit or loss and other comprehensive income as follows:

	For the year ended 31 December 2022
Revenues	8,071,424
Cost of revenues	(8,236,769)
Total loss	(165,345)
General and administrative expenses	(7,615,397)
Selling and marketing expenses	(1,747,342)
Operating loss	(9,528,084)
Other income ,net	298,931
Loss before zakat	(9,229,153)
Zakat	-
Net loss for the year from discontinued operations	(9,229,153)

27- Reclassification on the comparative figures

The group reclassified some of the comparative figures listed in the consolidated statement of profit or loss, comprehensive income, and consolidated statement of cash flows For the year ended 31 December 2022, to align with the current year's classification, by reclassifying some expenses and bank commissions from selling and marketing expenses to cost of revenue, as well as reclassifying some other revenues to cost of revenues.

The group also reclassified some insignificant of the comparative figures in the statement of financial position as at 31 December 2022.

The above required an adjustment of the comparative figures for the year ended 31 December 2022, and the following is a summary of the effects of the reclassification:

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

27- Reclassification on the comparative figures (continued)

Year ended 31 December 2022	As previously issued	Reclassification	As reclassed
Statement of profit or loss			
Revenue	1,839,888,908	(443,267)	1,839,445,641
Cost of revenue	(1,602,211,747)	(10,280,065)	(1,612,491,812)
General and administrative expenses	(44,850,600)	1,265,862	(43,584,738)
Selling and marketing expenses	(33,308,622)	11,690,172	(21,618,450)
Other income, net	13,010,728	(2,232,702)	10,778,026
Statement of Financial position			
Prepayments and other debit balances	237,602,721	(2,324,842)	235,277,879
Advance payments for acquisition of long-term investments	-	3,150,000	3,150,000
Cash and cash equivalents	116,160,077	(825,158)	115,334,919
Property and equipment, net	141,655,029	(3,029,776)	138,625,253
Intangible assets	-	3,029,778	3,029,778

28- Other income ,net

	For the year ended	
	31 December 2023	31 December 2022
Murabaha term deposits income (Note 7)	**14,927,592**	1,387,529
Gains on disposals of property and equipment	**2,853,486**	5,378,218
Rental income	**90,000**	261,450
Gains from revaluation of investments at fair value through profit or loss	**719,448**	601,135
Others	**1,592,652**	3,149,694
	20,183,178	10,778,026

29- Segment information

The group operating in the mediate recruitment and providing manpower and logistics services and support to the workers, government sector and the private sector. The group is mainly divided into corporate, individual and other sectors.

The operating sector is one of the components of the group that:

- Carries out activities that can generate revenue and incur expenses
- Its operations are continuously analyzed by management to make resource allocation decisions and evaluate performance.
- Which has financial information available to it.

The group has the following three strategic sectors, whose operational sectors provide services to various types of customers and are managed with different strategies. The following summary illustrates the operations of each sector.

- Corporate Segment: This sector involves providing services for expatriate and Saudi labor to companies whose contracts extend for two years.
  Individual Segment: This sector involves providing home labor services to individual customers whose contract durations range from one month to two years.

In addition to hourly work services, which include cleaning services provided to individual customers by the hour/visit, with each cleaning visit typically lasting four hours.

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

29- Segment information (continued)

Others: Include activities of subsidiary companies such as operating storage facilities for all types of goods, wholesale sales activities for prepaid cards, custom software programming, providing network and information communications management and monitoring services, establishing infrastructure for hosting websites on the network, data processing services, investment activities for subsidiary company funds for holding companies, and investment activities for the concerned units' private accounts.

Due to the group's reliance on manpower services and its lack of direct connection to the group's assets and liabilities, it is not possible or practical to disclose information related to the total assets and business sector-related liabilities.

Major Customer: As at 31 December 2023, revenues from one customer in the Corporate Segment represent approximately 15.9 % of the group's total revenues (31 December 2022: 15.4 %).

The following tables present revenue, operating profit, and gross profit information for the group's sectors for the financial year ended 31 December 2023, and the financial year ended 31 December 2022:

	For the year ended31 December 2023			
	Corporate Segment	**Individuals Segment**	**Others**	**Total**
Revenue	**1,250,667,431**	**558,189,865**	**18,333,979**	**1,827,191,275**
Cost of revenue	**(1,091,306,348)**	**(478,375,508)**	**(14,136,299)**	**(1,583,818,155)**
Gross Profit	**159,361,083**	**79,814,357**	**4,197,680**	**243,373,120**
General and Administrative Expenses (Unallocated)	**-**	**-**	**-**	**(53,449,801)**
Selling and marketing expenses (Unallocated)	**-**	**-**	**-**	**(20,735,106)**
Expected credit losses (Unallocated)	**-**	**-**	**-**	**(2,807,807)**
Operating Profit	**159,361,083**	**79,814,357**	**4,197,680**	**166,380,406**

	For the year ended31 December 2022			
	Corporate Segment	Individuals Segment	Others	Total
Revenues	1,281,412,239	534,301,416	23,731,986	1,839,445,641
Cost of revenues	(1,127,314,781)	(469,763,244)	(15,413,787)	(1,612,491,812)
Gross Profit	154,097,458	64,538,172	8,318,199	226,953,829
General and Administrative Expenses(Unallocated)	-	-	-	(43,584,738)
Selling and marketing expenses (Unallocated)	-	-	-	(21,618,450)
Reversals for expected credit losses (Unallocated)	-	-	-	985,467
Operating Profit	154,097,458	64,538,172	8,318,199	162,736,108

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

30- Reserves
A- Statutory reserve
According to the company's articles of association and the previous Saudi companies Law, the company was required to allocate 10% of its net profits each year to form a statutory reserve until this reserve reaches 30% of the capital.

B- Contractual reserve

On 9 Dhu al-Qi'dah 1444 AH (corresponding to 29 May 2023), an extraordinary general assembly was held where it approved the conversion of the previous statutory reserve into a contractual reserve while continuing to allocate 10% of its net profits to form a contractual reserve until this reserve reaches 30% of the capital.

31- Contingent liabilities

Guarantees
On 31 December 2023, the Group has a guarantee of 10 million Saudi Riyals (31 December 2022: 10 million Saudi Riyals) related to the company's license issued by the Ministry of Human Resources and Labor Development - Note 7.

Legal claims

The Group faces legal claims during the normal course of business, which are being defended. While the final outcomes of these claims cannot be determined with certainty, management does not expect a material adverse impact on the Group's consolidated financial statements.

Capital commitments

The Group has capital commitments amounting to 2.1 million Saudi Riyals as at 31 December 2023 (31 December 2022: 5 million Saudi Riyals) for projects under construction.

32- Dividends
32.1 On 30 August 2023, the company's board of directors, based on the authorization of the extraordinary general assembly of the board in its meeting on 29 May 2023, approved the distribution of interim dividends for the year 2023 in the amount of 50 million Saudi Riyals to the existing shareholders on the record date of 30 August 2023 (equivalent to 0.125 Saudi Riyals per share). The dividends were distributed to the shareholders on 10 September 2023. On 14 December 2023, the company's board of directors, based on the authorization of the extraordinary general assembly of the board in its meeting on 28 November 2023, approved the distribution of interim dividends for the year 2023 in the amount of 120 million Saudi Riyals to the existing shareholders on the record date of 14 December 2023 (equivalent to 0.3 Saudi Riyals per share). The dividends were distributed to the shareholders on 17 December 2023, making the total dividend distributions for the year 2023 amount to 170 million Saudi Riyals.

32.2 The General Assembly approved the distribution of profits for the financial year ending on 31 December 2022, at its meeting held on 01/03/2022, in the amount of 8.7 million Saudi Riyals. Based on the authorization issued by the General Assembly on 01/03/2022, the Board of Directors approved the distribution of interim profits in the amount of 50.0 million Saudi Riyals at its meeting held on 20/04/2022. And in the amount of 50.0 million Saudi Riyals at its meeting held on 11/12/2022. The total dividends distributed during the year 2022 amount to 108.7 million Saudi Riyals.

33 Financial Instruments Risk Management
Risks are part of the Group's activities and are managed through a continuous process of identifying, evaluating, and monitoring risks in accordance with other approved restrictions and controls. Risk management is significant for the Group's ability to achieve profits. The Group is exposed to market risks, credit risks, and liquidity risks.

A. Market Risks
An appropriate framework has been established to manage market risks related to all assets, including assets that do not have traded market prices and/or are subject to price fluctuations.

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

33- Financial Instruments Risk Management (continued)

B. Commission Risks

Commission risks are risks of fluctuation in the value of a financial instrument due to fluctuations in commission prices in the market. The Group is exposed to commission price risks on its assets and liabilities that result in/pay interest rates, including profit-sharing contracts and term loans. The Group works to limit commission risks by monitoring changes in commission prices on its interest-bearing liabilities, and the Group enters into swap contracts to mitigate fluctuations in commission price changes. A change of 10 basis points in commission rates on variable commission-bearing deposits denominated in Saudi Riyals as at the date of preparation of the consolidated financial statements leads to an increase/(decrease) in net income for the year by the amounts shown below. The analysis below assumes that all other variables remain constant:

	31 December 2023		31 December 2022	
	+10 base points	**- 10 base points**	+10 base points	- 10 base points
Murabaha term deposits	**1,492,759**	**(1,492,759)**	138,753	(138,753)

C. Currency Risks

Currency risks are risks of fluctuating the value of financial instruments due to changes in foreign currency exchange rates. Currency risks arise when future transactions, assets, and recognized liabilities are denominated in a currency different from the functional currency of the company. The group's exposure to foreign currency risks is primarily limited to transactions in US dollars, and the group's management believes that its exposure to currency risks associated with the US dollar is limited because the Saudi Riyal exchange rate is linked to the US dollar. Exchange rate fluctuations against other currencies are continuously monitored. The group did not conduct any significant transactions other than the Saudi Riyal and the US dollar during the year. Since the Saudi Riyal is fixed against the US dollar, US dollar balances do not pose any significant currency risks. Regarding the impact of currency fluctuations resulting from translating the financial statements of the subsidiary for consolidation purposes, it is presented within equity in a separate item. The group manages currency price risks by continuously monitoring currency rate changes and making appropriate decisions.

D. Credit risks

Credit risks involve a party failing to fulfill its financial instrument obligations and causing the other party to incur financial loss. The group works to limit credit risks related to customers by setting credit limits for each customer individually, monitoring outstanding receivables, obtaining letters of guarantee, documentary credits, and bonds as guarantees from some customers. Regarding credit risks arising from other financial instruments of the group, including cash and equivalents and other receivables, the group's exposure to risks arising from the default of counterparties equals the book value of these instruments. Cash and equivalents are deposited in general accounts with local banks with good credit ratings. The group only deals with credit institutions with high credit ratings to limit its exposure to credit risks. The group has established credit approval procedures through which credit limits are applied to customers. The management continuously monitors credit risks towards customers and sets up provisions for doubtful receivables based on customer information and previous payment dates. Current customer accounts receivable are regularly monitored.

As at 31 December 2023 and 2022, the credit risk exposure for accounts receivable was as follows:

	As at	
	31 December 2023	31 December 2022
Trade receivables	**337,618,595**	262,100,444
Less: Expected credit losses in the value of trade receivables	**(35,876,833)**	(33,498,307)
	301,741,762	228,602,137

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

33- Financial instruments risk management (continued)

The following table provides information on credit risk exposure and expected credit losses for accounts receivable as follows:

31 December 2023

	Past due					
	From 0 to 90 days	**From 91 to 180 days**	**From 181 to 270 days**	**From 271 to 360 days**	**More than 360 days**	**Total**
Expected credit loss rate	**2%**	**15%**	**4%**	**9%**	**74%**	**10.9%**
Total carrying value exposed to default	**267,988,995**	**15,614,376**	**8,482,210**	**7,443,926**	**38,089,088**	**337,618,595**
Expected credit losses	**4,435,103**	**2,266,316**	**303,018**	**637,303**	**28,235,093**	**35,876,833**

31 December 2022

	Past due					
	From 0 to 90 days	From 91 to 180 days	From 181 to 270 days	From 271 to 360 days	More than 360 days	Total
Expected credit loss rate	0.13%	8%	30%	36%	85%	13%
Total carrying value exposed to default	208,724,772	9,423,235	4,887,329	4,650,337	34,414,771	262,100,444
Expected credit losses	265,408	790,622	1,452,640	1,658,641	29,330,996	33,498,307

The maximum credit risk exposure in the group as at the reporting date is as follows:

	As at	
	31 December 2023	31 December 2022
Cash and cash equivalents	**35,574,662**	115,334,919
Murabaha term deposits - current portion	**190,000,000**	130,000,000
Investments at fair value through profit or loss	**1,849,950**	516,834
Trade receivables, net	**301,741,762**	228,602,137
Prepayments and other debit balances	**189,034,894**	235,277,879
Advance payments for acquisition of long-term investments	**6,900,000**	3,150,000
	725,101,268	712,881,769

E. Liquidity risks
Liquidity risks arise from the group's inability to meet its financial obligations when due. Liquidity needs are monitored on a monthly basis, and management ensures that sufficient funds are available to meet any obligations as they arise, including credit facilities agreements to meet future obligations.
The following table summarizes the maturity dates of undiscounted financial obligations based on contractual payment dates and prevailing market rates as follows:

Undiscounted contractual cash flows

		Undiscounted contractual cash flows			
31 December 2023	**Carrying amount**	**Within one year**	**1 to 5 years**	**More than 5 years**	**Total**
Trade payables and other accrued amounts	**200,985,935**	**200,985,935**	**-**	**-**	**200,985,935**
Retained deposits	**102,273,607**	**47,073,657**	**55,199,950**	**-**	**102,273,607**
Lease liabilities	**25,738,615**	**16,074,163**	**53,728,747**	**-**	**69,802,910**
	328,998,157	**264,133,755**	**108,928,697**	**-**	**373,062,452**

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

33- Financial instruments risk management (continued)

31 December 2022	Carrying amount	Undiscounted contractual cash flows Within one year	1 to 5 years	More than 5 years	Total
Trade payables and other accrued amounts	173,037,894	173,037,894	-	-	173,037,894
Retained deposits	108,267,262	53,110,559	55,156,703	-	108,267,262
Amount due to related parties	923,759	923,759	-	-	923,759
Lease Liabilities	26,561,199	16,789,642	60,697,843	-	77,487,485
	308,790,114	243,861,854	115,854,546	-	359,716,400

F. Capital management risks

When managing capital, the Group aims to ensure the Group's ability to continue as a going concern so that it can continue to provide returns to shareholders and maintain strong capital to support the sustainable development of its business. The Group manages its capital structure by monitoring returns on net assets and making adjustments to them in light of changes arising 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 issue new shares.

	As at **31 December 2023**	As at 31 December 2022
Total liabilities	**490,758,993**	480,956,236
Less: Cash and cash equivalents	**(35,574,662)**	(115,334,919)
Adjusted net debt	**455,184,331**	365,621,317
Total equity	**521,708,179**	528,279,885
Net adjusted debt to equity ratio	**0.87**	0.69

34- The fair value of financial instruments

Fair value is the amount at which an asset is exchanged or a liability is settled in a transaction between knowledgeable, willing parties in a commercial transaction. Accordingly, differences may arise between book values and fair value estimates. The financial assets of the group consist of investments in financial instruments, cash, cash equivalents, trade receivables, other receivables, amounts due from related parties. Its financial liabilities consist of trade payables, amounts due, other payable balances, lease obligations, obligations under finance lease agreements, and amounts due to related parties.

Hierarchical sequence of fair value

The company uses the following hierarchical sequence to determine the fair value of financial instruments and disclose it according to the valuation method:

Level 1: Prices traded in active markets for the same assets or liabilities

Level 2: Other valuation techniques in which the minimum required significant inputs are directly or indirectly observable for the fair value measurement.

Level 3: Other valuation techniques in which the minimum required significant inputs are unobservable for the fair value measurement.

The Group retains the following financial assets at fair value in the consolidated financial position (financial liabilities are nil as at 31 December 2023 and 2022):

31 December 2023	**Level1**	**Level2**	**Level3**	**Total**
Financial assets at fair value:				
Listed in active market	**1,849,950**	**-**	**-**	**1,849,950**
	1,849,950	**-**	**-**	**1,849,950**

31 December 2022	Level1	Level2	Level3	Total
Financial assets at fair value:				
Listed in active market	516,834	-	-	516,834
	516,834	-	-	516,834

SAUDI MANPOWER SOLUTIONS COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(In Saudi Riyals)

34 The fair value of financial instruments (continued)

The table below shows the carrying values of financial assets and liabilities. They do not include fair value information for assets and financial liabilities that are not measured at fair value if the book value reasonably approximates fair value.

	For the year ended	
	31 December 2023	31 December 2022
Financial Assets		
Cash and cash equivalents	**35,574,662**	115,334,919
Murabaha term deposits	**200,000,000**	140,000,000
Investments at fair value through profit or loss	**1,849,950**	516,834
Trade receivables ,net	**301,741,762**	228,602,137
Amounts due from related parties	**5,777,616**	16,893,282
Advance payments for acquisition of long-term investments	**6,900,000**	3,150,000
Total financial assets	**551,843,990**	504,497,172
Financial Liabilities		
Retained deposits	**102,273,607**	108,267,262
Trade payables	**29,544,546**	10,831,089
Accrued expenses and other credit balances	**171,441,389**	162,206,805
Amounts due to related parties	**-**	923,759
Lease Liabilities	**25,738,615**	26,561,199
Total financial liabilities	**328,998,157**	308,790,114

35 Approval of the consolidated financial statements

The consolidated financial statements have been adopted by the board of directors on 20 March 2024, (corresponding to 10 Ramadan 1445 H).

سماسكو
SMASCO

920010133
smasco.com

Saudi Manpower Solutions Company (**SMASCO**)