

TAMKEEN HUMAN RESOURCES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2025

TAMKEEN HUMAN RESOURCES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2025

<u>Index</u>	<u>Page</u>
Independent auditor's report	1 - 4
Consolidated statement of financial position	5
Consolidated statement of profit or loss and other comprehensive income	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	8 - 9
Notes to the consolidated financial statements	10 - 31

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TAMKEEN HUMAN RESOURCES COMPANY
A SAUDI JOINT STOCK COMPANY

(1/5)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the TAMKEEN HUMAN RESOURCES Company (the “company”) and its subsidiaries (Collectively referred to as “Group”) as at 31 December 2025AD, its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

We have audited the consolidated financial statements of the Group, which comprise the following:

- The consolidated statement of financial position as at 31 December 2025AD;
- The consolidated statement of profit or loss and other comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended, and;
- The notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the “Auditor's Responsibilities for the audit of the consolidated financial statements” section of our report. We are independent from the Group in accordance with the International Code of Ethics for Professional Accountants that are endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

RIYADH

Tel. +966 11 206 5333 | P.O Box 69658
Fax +966 11 206 5444 | Riyadh 11557

JEDDAH

Tel. +966 12 652 5333 | P.O Box 15651
Fax +966 12 652 2894 | Jeddah 21454

AL KHOBAR

Tel. +966 13 893 3378 | P.O Box 4636
Fax +966 13 893 3349 | Al Khobar 31952

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TAMKEEN HUMAN RESOURCES COMPANY
A SAUDI JOINT STOCK COMPANY

(2/5)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

KEY AUDIT MATTERS (continued)

Key Audit Matters	How our audit addressed the key audit matter
Revenue Recognition <p>The Group's revenue for the fiscal year ended 31 December 2025, amounted to SAR 1,014 million (2024: SAR 722 million).</p> <p>The management recognize revenue from manpower services over a period of time based on the fulfilment of performance obligations in accordance with the agreements concluded with customers. This recognition depends on an appropriate assessment of the contracts to determine the extent to which the criteria for measuring and recognizing revenue have been met, in line with the principles of IFRS 15 "Revenue from Contracts with Customers."</p> <p>Given that revenue is considered a key performance indicator, which gives rise to inherent risks in the revenue recognition process, including the potential overstatement of revenues when providing services to customer, we considered revenue recognition to be a key audit matter.</p> <p>Refer to note number (23)</p>	<p>The procedures of our review included the following:</p> <ul style="list-style-type: none"> ● Evaluating the Group's accounting policies related to revenue recognition in light of the applicable financial reporting framework. ● Evaluating the design and implementation of relevant controls related to revenue recognition. ● Evaluating the terms of relevant revenue contracts, on a sample basis. ● Testing a sample of revenue transactions that occurred during the year and verifying the supporting documentation for those transactions. ● Testing a sample of revenue transactions that occurred before and after the end of the year, as well as testing a sample of revenue and credit notes issued after the end of the year, to assess whether the revenue was recognized in the correct accounting period. ● Evaluating the adequacy of the relevant disclosures contained in the Group's consolidated financial statements.
Key Audit Matters <p>Employees related costs Recognition</p> <p>The Group provides Manpower services to its customers, which results in substantial employees related costs. For the year ended 31 December 2025, these costs amounted to SAR 786 million, compared to SAR 544 million for the year ended 31 December 2024, Employees related cost were identified as a Key Audit Matter for the following reasons:</p> <ul style="list-style-type: none"> ● Materiality of the amounts recognized in the Group's financial records. ● The large number of employees in the Group. ● The high volume and diversity of payroll transactions increase the risk of misstatements. <p>Employees related costs were identified as a Key Audit Matter due to the significant level of management judgment required in accounting for the various components of these costs.</p> <p>Refer to note number (24)</p>	<p>The procedures of our review included the following:</p> <ul style="list-style-type: none"> ● Obtaining an understanding and evaluating the Group's processes and controls, including how employees related costs are identified, authorized, and recorded. ● We performed analytical reviews to evaluate the reasonableness of payroll charges, including: Identifying unusual fluctuations, patterns, or correlations in employees related accounts. Comparing trends to operational drivers such as headcount and labor utilization. ● Reviewing selection of employment contracts to verify salary components, benefits, and applicable terms. ● Selecting a representative sample of employees to validate their costs against supporting documentation (contracts, payroll records, and bank transfers). ● Evaluating the adequacy of the Group's disclosures as presented in these accompanying consolidated financial statements in accordance with the applicable accounting standards.

RIYADH

Tel. +966 11 206 5333 | P.O Box 69658
 Fax +966 11 206 5444 | Riyadh 11557

JEDDAH

Tel. +966 12 652 5333 | P.O Box 15651
 Fax +966 12 652 2894 | Jeddah 21454

AL KHOBAR

Tel. +966 13 893 3378 | P.O Box 4636
 Fax +966 13 893 3349 | Al Khobar 31952

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TAMKEEN HUMAN RESOURCES COMPANY
A SAUDI JOINT STOCK COMPANY

(3/5)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OTHER MATTER

The Group's consolidated financial statements for the year ended 31 December 2024 AD, were audited by another auditor who issued an unqualified audit report dated on 27 Ramadan 1446 AH corresponding to 27 March 2025 AD.

OTHER INFORMATION

Management is responsible for the other information. Other information consists of the information included in the Group's of the year 2025 annual report, other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements "in accordance with International Financial Reporting Standards" that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

RIYADH

Tel. +966 11 206 5333 | P.O Box 69658
Fax +966 11 206 5444 | Riyadh 11557

JEDDAH

Tel. +966 12 652 5333 | P.O Box 15651
Fax +966 12 652 2894 | Jeddah 21454

AL KHOBAR

Tel. +966 13 893 3378 | P.O Box 4636
Fax +966 13 893 3349 | Al Khobar 31952

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TAMKEEN HUMAN RESOURCES COMPANY
A SAUDI JOINT STOCK COMPANY

(4/5)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the 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 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Plan and perform the consolidated group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- 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.

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.

RIYADH

Tel. +966 11 206 5333 | P.O Box 69658
Fax +966 11 206 5444 | Riyadh 11557

JEDDAH

Tel. +966 12 652 5333 | P.O Box 15651
Fax +966 12 652 2894 | Jeddah 21454

AL KHOBAR

Tel. +966 13 893 3378 | P.O Box 4636
Fax +966 13 893 3349 | Al Khobar 31952

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TAMKEEN HUMAN RESOURCES COMPANY
A SAUDI JOINT STOCK COMPANY

(5/5)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

For PKF Al-Bassam
Chartered Accountants



Abdulellah Al Bassam
Certified Public Accountant
License No. 703
Kingdom of Saudi Arabia, Riyadh
Corresponding to: 18 February 2026



TAMKEEN HUMAN RESOURCES COMPANY
 (A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
 (ALL AMOUNTS ARE PRESENTED IN SAUDI RYALS UNLESS OTHERWISE STATED)

	Note	December 31, 2025	December 31, 2024
ASSETS			
Non-current assets			
Property and equipment	6	35,398,410	40,489,810
Intangible assets	7	11,600,091	9,164,769
Right-of-use assets	8	15,945,825	16,223,444
Cash margin on letter of guarantee	9	10,300,000	10,000,000
Used visas - non-current portion	10	4,782,507	6,670,422
Prepaid recruitment expenses - non-current portion	11	12,885,408	4,751,780
Recoverable employees benefits from customers	19	3,130,314	1,387,945
Total non-current assets		94,042,555	88,688,170
Current assets			
Trade receivables, Net	12	185,424,180	156,462,652
Prepaid expenses and other receivables, Net	14	69,182,439	68,807,714
Used visas - current portion	10	13,108,462	14,815,120
Available visas	15	20,892,000	18,044,000
Investments at fair value through profit or loss		1,983,529	-
Cash and cash equivalents	16	209,947,686	208,856,207
Total current assets		500,538,296	466,985,693
TOTAL ASSETS		594,580,851	555,673,863
EQUITY AND LIABILITIES			
Equity			
Share capital	17	265,000,000	265,000,000
Retained earnings		86,688,423	84,703,266
Equity attributable to the shareholders of the parent company		351,688,423	349,703,266
Non-controlling interests	32	3,202,642	1,872,741
TOTAL EQUITY		354,891,065	351,576,007
Liabilities			
Non-current liabilities			
Retained deposits - non-current portion	18	38,530,040	29,225,207
Lease liabilities - non-current portion	8	9,320,216	10,327,174
Employees' defined benefits obligation	19	29,854,418	21,593,726
Total non-current liabilities		77,704,674	61,146,107
Current liabilities			
Trade payables		6,657,097	7,127,523
Contract liabilities	20	33,327,507	26,343,872
Retained deposits – current portion	18	3,775,487	14,524,621
Accrued expenses and other accruals	21	102,054,552	77,130,131
Lease liabilities – current portion	8	5,892,032	5,216,217
Zakat payable	22	10,278,437	12,609,385
Total current liabilities		161,985,112	142,951,749
Total liabilities		239,689,786	204,097,856
TOTAL EQUITY AND LIABILITIES		594,580,851	555,673,863

Chairman of Board of Directors

Abdullah Ahmed Al Shehri

Chief Executive Officer

Fares Saleh Al Henaki

Chief Financial Officer

Mohammad Ibrahim Al Basha

The accompanying notes form an integral part of these consolidated financial statements

TAMKEEN HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

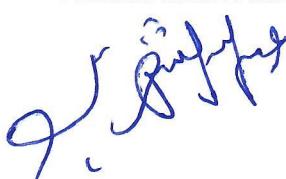
FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS ARE PRESENTED IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Note	2025	2024
Revenues from contracts with customers	23	1,014,115,096	721,634,940
Cost of revenues from contracts with customers	24	(834,013,165)	(587,076,682)
Gross profit		180,101,931	134,558,258
Marketing expenses	25	(3,119,799)	(7,077,632)
General and administrative expenses	26	(70,101,171)	(51,909,893)
Expected credit losses provision	12	(13,072,972)	(5,177,706)
Operating profit		93,807,989	70,393,027
Other non-operating income, Net	27	2,853,222	13,297,968
Finance income	28	10,624,568	12,312,061
Finance costs	29	(1,725,198)	(1,348,966)
Profit for the year before zakat		105,560,581	94,654,090
Zakat	22	(9,128,721)	(8,628,212)
Net profit for the year		96,431,860	86,025,878
Other comprehensive income:			
Other comprehensive income that will not be reclassified to statement of profit or loss			
Re-measurement of employees' defined benefits obligation	19	(896,802)	(1,112,108)
Other comprehensive income for the year		(896,802)	(1,112,108)
Total comprehensive income for the year		95,535,058	84,913,770
Net profit for the year attributable to:			
Shareholders of the parent company		95,101,959	85,508,204
Non-controlling interests	32	1,329,901	517,674
		96,431,860	86,025,878
Total comprehensive income for the year attributable to:			
Shareholders of the company		94,205,157	84,396,096
Non-controlling interests	32	1,329,901	517,674
		95,535,058	84,913,770
Earnings per share attributable to shareholders of the parent company:			
Basic and diluted	30	3.59	3.23

Chairman of Board of Directors

Abdullah Ahmed Al Shehri



Chief Executive Officer

Fares Saleh Al Henaki



Chief Financial Officer

Mohammad Ibrahim Al Basha



The accompanying notes form an integral part of these consolidated financial statements

TAMKEEN HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS ARE PRESENTED IN SAUDI RIYALS UNLESS OTHERWISE STATED)

Equity attributable to the shareholders of the parent company

	Statutory	Retained		Non-controlling		
	Share capital	reserve	earnings	Total	interests	Total equity
As at January 1, 2025	265,000,000	-	84,703,266	349,703,266	1,872,741	351,576,007
Net profit for the year	-	-	95,101,959	95,101,959	1,329,901	96,431,860
Other comprehensive income for the year	-	-	(896,802)	(896,802)	-	(896,802)
Total comprehensive income for the year	-	-	94,205,157	94,205,157	1,329,901	95,535,058
Dividends - Note 17	-	-	(92,220,000)	(92,220,000)	-	(92,220,000)
As at December 31, 2025	265,000,000	-	86,688,423	351,688,423	3,202,642	354,891,065
As at January 1, 2024	200,000,000	13,976,311	86,330,859	300,307,170	1,355,067	301,662,237
Net profit for the year	-	-	85,508,204	85,508,204	517,674	86,025,878
Other comprehensive income for the year	-	-	(1,112,108)	(1,112,108)	-	(1,112,108)
Total comprehensive income for the year	-	-	84,396,096	84,396,096	517,674	84,913,770
Share capital increase - Note 1	65,000,000	(13,976,311)	(51,023,689)	-	-	-
Dividends - Note 17	-	-	(35,000,000)	(35,000,000)	-	(35,000,000)
As at December 31, 2024	265,000,000	-	84,703,266	349,703,266	1,872,741	351,576,007

Chairman of Board of Directors

Abdullah Ahmed Al Shehri



Chief Executive Officer

Fares Saleh Al Henaki



Chief Financial Officer

Mohammad Ibrahim Al Basha



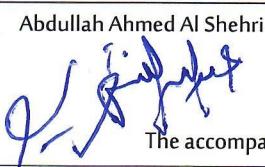
The accompanying notes form an integral part of these consolidated financial statements

TAMKEEN HUMAN RESOURCES COMPANY
 (A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
 (ALL AMOUNTS ARE PRESENTED IN SAUDI RIVALS UNLESS OTHERWISE STATED)

	2025	2024
OPERATING ACTIVITIES		
Profit for the year before zakat	105,560,581	94,654,090
Adjustments for:		
Depreciation of property and equipment	7,395,059	6,396,062
Amortization of intangible assets	1,139,187	1,139,187
Depreciation of right-of-use assets	6,548,012	5,669,159
Amortization of used visas	25,062,573	15,012,064
Amortization of recruitment expenses	32,762,254	24,323,873
Expected credit losses provision	13,072,972	5,177,706
Advances to suppliers' provision	1,841,803	1,462,560
Withholding Tax provision	2,530,358	-
Finance costs	1,725,198	1,348,966
Employees' defined benefits obligation	11,222,200	7,731,485
Gain from sale of property and equipment	(2,130)	(9,559,257)
Gain from Murabaha term deposits	(10,240,163)	(11,504,753)
Gain from sale of investments at fair value through profit or loss	(384,405)	(807,308)
Unrealized loss from investments at fair value through profit or loss	798,842	-
Reversal of other provisions	(2,746,494)	(2,512,279)
Changes in working capital:		
Trade receivables	(42,034,500)	(85,034,176)
Prepaid expenses and other receivables	(42,388,828)	(37,289,103)
Available visas	(24,316,000)	(25,870,000)
Retained deposits	(1,444,301)	8,751,256
Trade payables	(470,426)	(1,514,784)
Accrued expenses and other accruals	22,394,063	27,792,193
Contract liabilities	6,983,635	11,701,481
Cash generated from operating activities	115,009,490	37,068,422
Paid zakat	(8,713,175)	(7,193,718)
Cash margin on letter of guarantee	(300,000)	-
Paid employees' defined benefits obligation	(6,540,694)	(4,127,554)
Net cash generated from operating activities	99,455,621	25,747,150
INVESTING ACTIVITIES		
Purchase of property and equipment	(2,639,621)	(12,024,053)
Additions on intangible assets	(3,574,509)	(4,387,807)
Proceeds from disposal of property and equipment	338,092	13,153,684
Proceeds from Murabaha term deposits	9,516,581	10,638,697
Purchase of investments at fair value through profit or loss	(5,582,559)	(1,815,256)
Proceeds from investments at fair value through profit or loss	3,184,593	2,622,564
Net cash generated from investing activities	1,242,577	8,187,829

Chairmain of Board of Directors

Abdullah Ahmed Al Shehri



Chief Executive Officer

Fares Saleh Al Henaki



Chief Financial Officer

Mohammad Ibrahim Al Basha



The accompanying notes form an integral part of these consolidated financial statements

TAMKEEN HUMAN RESOURCES COMPANY
 (A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2025
 (ALL AMOUNTS ARE PRESENTED IN SAUDI RYALS UNLESS OTHERWISE STATED)

	2025	2024
FINANCING ACTIVITIES		
Paid of lease liabilities	(7,386,719)	(6,703,411)
Paid dividends	(92,220,000)	(35,000,000)
Net cash used in financing activities	(99,606,719)	(41,703,411)
Net change in cash and cash equivalents	1,091,479	(7,768,432)
Cash and cash equivalents at 1 January	208,856,207	216,624,639
Cash and cash equivalents at 31 December	209,947,686	208,856,207
Non-cash transactions:		
Transfer from available visas to used visas - Note 15, 10	(21,468,000)	(24,448,000)
Right-of-use assets - Note 8	(7,119,620)	(9,297,751)
Lease liabilities - Note 8	7,119,620	9,297,751
Recoverable employees' benefits from customers - Note 19	1,742,369	1,387,945
Re-measurement of employees' defined benefits obligation - Note 19	896,802	1,112,108
Share capital increase - Note 1	-	65,000,000
Transfer from projects under process - Note 7	-	(5,678,988)
Disposal of lease liabilities from trade payables - Note 8	-	270,375

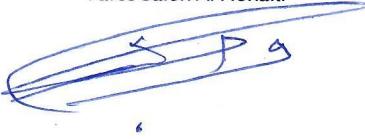
Chairmain of Board of Directors

Abdullah Ahmed Al Shehri



Chief Executive Officer

Fares Saleh Al Henaki



Chief Financial Officer

Mohammad Ibrahim Al Basha



The accompanying notes form an integral part of these consolidated financial statements

TAMKEEN HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2025**

(ALL AMOUNTS ARE PRESENTED IN SAUDI RYALS UNLESS OTHERWISE STATED)

1- ORGANIZATION AND ACTIVITIES

Tamkeen Human Resources Company (the "Company") is a Saudi joint stock company registered in the Kingdom of Saudi Arabia, under Commercial Registration No. 1010451749 dated on Ramadan 23, 1439H (corresponding to June 7, 2018G). The Company's capital consists of 26,500,000 shares of SAR 10 per share.

The Extraordinary General Assembly, in its meeting held on Sha'ban 25, 1445H (corresponding to March 6, 2024G), approved the increase of the Company's capital from SAR 200,000,000, divided into 20,000,000 ordinary shares, with a fully paid nominal value of SAR 10 per share, to SAR 265,000,000, divided into 26,500,000 ordinary shares, with a fully paid nominal value of SAR 10 per share, by capitalizing SAR 51,023,689 from the retained earnings balance, in addition to capitalizing SAR 13,976,311 from the statutory reserve balance, as stated in the consolidated financial statements for the financial year ended December 31, 2023.

The Company's main activity is in labour recruitment and providing manpower services in respect of labour, manpower for public and private sectors and local contracting according to the letter of the Ministry of Labor and Social Development No. (184162) dated on Ramadan 15, 1439H.

The Company's headquarter is located in Riyadh, North Ring Road, Al-Nafl District, P.O. Box 4143, Postal Code 12333.

The Company didn't complete the procedures for amending the commercial register and the bylaws until the issuance date of these consolidated financial statements.

The consolidated financial statements comprise the accounts of the Company and its subsidiaries as at December 31, 2025 (the Company and its Subsidiaries are hereinafter referred to as the "Group").

Subsidiary name	Country of incorporation	Ownership percentage as at	
		December 31, 2025	December 31, 2024
Open Technologies Company for Communications and Information Technology	Kingdom of Saudi Arabia	100%	100%
Elaf Specialized Contracting Company	Kingdom of Saudi Arabia	100%	100%
Eraf Medical Company	Kingdom of Saudi Arabia	60%	60%

The Group controls the Company when it has the right to variable returns from its participation in the Company and has the ability to influence those returns through its ability to control the investee company. The financial statements of the subsidiary are included in the consolidated financial statements from the date from which control commenced until the date of loss of control.

2- BASIS OF CONSOLIDATED FINANCIAL STATEMENTS PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The accounting policies that are materially significant adopted by the Group have been set out in Note 5.

The consolidated financial statements have been prepared on a historical cost basis, except for Investments at fair value through profit or loss which measure at fair value and for employees' defined benefits obligation. The consolidated financial statements are presented in Saudi Riyal, which is the functional currency for the Group, all amounts are rounded to the nearest Saudi Riyal unless otherwise indicated.

3- SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group consolidated financial statements requires management to make judgements, estimates and assumptions that affect the amounts of revenues, expenses, assets, liabilities, accompanying disclosures and disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amounts of assets or liabilities that will be affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include the following:

- Fair value and financial instrument risk management - Note 34

3.1 Judgements

In the context of applying the Group accounting policies, management has not adopted any judgements that have a material impact on the amounts included in the consolidated financial statements.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Group based its assumptions and estimates on the data available when the consolidated financial statements were prepared. However, current conditions and assumptions about future developments may change due to market changes or circumstances arising beyond the Group control. These changes are reflected in the assumptions when they occur.

Long-term assumptions of employee's defined benefits obligation

Employees defined benefits obligation represent obligations which will be paid in the future upon the termination of employment contracts. Management has to make assumptions about the variables such as discount factor, salary increase rate, mortality rates and employee turnover. The Group management periodically takes advice from actuaries on these assumptions. Changes in key assumptions could materially affect the provision for employees' termination benefits.

Impairment of trade receivables

The Group uses a provision matrix to calculate Expected Credit Losses for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type, and coverage by guarantees and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the trade receivables is disclosed in Note 34.

Useful lives of property and equipment

The Group determines the estimated useful lives of property and equipment for the purpose of calculating depreciation, taking into account the expected usage of the asset, as well as physical wear and tear from use. Management has not assigned any residual value, as it is considered immaterial. The useful lives are reviewed annually by management.

TAMKEEN HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS ARE PRESENTED IN SAUDI RYALS UNLESS OTHERWISE STATED)

3- SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Provision for legal cases

A provision is recognized to cover any potential legal obligations based on a legal study prepared by the Group's legal advisor, which assesses the likelihood of future risks. This study is reviewed periodically.

Uncertain zakat and tax positions

The Group's current zakat liability of SAR 10,278,437 relates to management's assessment of the zakat due on open zakat assessments for the years 2022, 2023, and 2025, as the Company is still awaiting final zakat assessments from the Zakat, Tax and Customs Authority. Due to the uncertainty associated with these zakat items, the final result could differ significantly once the final assessment is issued by the Zakat, Tax and Customs Authority in future periods. The status of the Zakat assessments is disclosed in Note 22

4- CHANGES TO THE GROUP'S ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the consolidated financial statements for the year ended December 31, 2025, are consistent with those followed in the preparation of the Group's financial statements for the year ended December 31, 2024, except for the adoption of a new standard and certain amendments which became effective for annual periods starting on or after January 1, 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The group implemented the following amendments for the first time:

- Amendments to IAS 21: Lack of exchangeability.

The application of these amendments has had no material impact on the Group's consolidated financial statements.

Standards issued but not yet effective:

The following new standards and amendments to applicable standards for annual periods beginning on or after 1 January 2026, with the possibility of early application, have not yet been applied by the Group in the preparation of these consolidated financial statements, as the Group is currently evaluating the impact of these standards on the consolidated financial statements:

- IFRS 9: Financial Instruments.
- IFRS 7: Financial Instruments – Disclosures.
- IFRS 18: Presentation and Disclosures in Financial Statements.

5- MATERIAL ACCOUNTING POLICIES

The following is a summary of the material accounting policies applied by the Company in preparing these consolidated financial statements:

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, and its subsidiaries as illustrated in Note 1.

The assets, liabilities, income and expenses of a subsidiaries 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 loss control on the subsidiary.

TAMKEEN HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS ARE PRESENTED IN SAUDI RYALS UNLESS OTHERWISE STATED)

5- MATERIAL ACCOUNTING POLICIES (Continued)

Property and equipment

Property and equipment are stated at historical cost, net of accumulated depreciation and / or accumulated impairment losses, if any.

Lands and buildings are stated at cost, deducting accumulated depreciation on the buildings and any impairment losses.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Item	Estimated useful life
Buildings	25 Years
Vehicles	4 Years
Furniture and fixtures	5 Years
Computer and office equipment	5 Years
Electrical equipment	5 Years
Leasehold improvements	3 – 5 Years or lease term, whichever is less

Intangible assets

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets with finite lives are amortized over their useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired.

Amortization of software is calculated using the straight-line method over their estimated useful lives of five years.

Project under process is shown as intangible assets at cost, with a provision for any impairment losses (if any). Project under process is classified as intangible assets upon completion; no amortization is recognized on project under process.

Leases

The determination of whether an arrangement is, or contains, a lease is decided at the inception date. An arrangement is, or contains, a lease if it grants the right to control a particular asset or assets for a period of time in exchange for compensation.

Group as a lessee

A- Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over its estimated useful life.

B- Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

C- Short-term leases and leases of low-value assets

Short-term leases are contracts with a term of 12 months or less. Low-value assets are items that do not meet the company's capitalization and are considered to be insignificant to the consolidated statement of financial position. Payments for short-term leases and leases of low-value assets are recognized on a straight-line basis in profit or loss.

TAMKEEN HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS ARE PRESENTED IN SAUDI RYALS UNLESS OTHERWISE STATED)

5- MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

At the reporting date, the Group assesses whether there is any 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. The recoverable amount of an asset is the higher of the fair value of the asset or cash generating unit less the cost to sell or the value in use of the asset. It is determined for a single asset unless the asset does not generate cash flows that are largely independent of the flows generated by other assets or groups of assets. When the book value of an asset or cash generating unit exceeds its recoverable value, the value of the asset has declined, and the value of the asset must be reduced to its recoverable amount.

Impairment losses for continuing operations are recognized in profit or loss from continuing operations.

An assessment is made at the financial reporting date to determine whether there is any indication that previously recognized impairment losses for non-financial assets, other than goodwill, have reversed. The reversal of a impairment loss is recognized in profit or loss.

Financial assets

Initial recognition and measurement

Financial assets are classified upon initial recognition and will subsequently be measured at amortized cost, or at fair value through other comprehensive income, or at fair value through profit or loss.

All financial assets are recognized upon initial recognition at fair value plus transaction costs, unless the financial assets are recorded at fair value through profit or loss.

Impairment of financial assets

The management recognizes expected credit losses provision (ECLs) for all debt instruments not held at fair value through profit or loss. For account receivables, the Group applies a simplified approach in calculating ECLs. 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.

Financial liabilities

Initial recognition and measurement

Upon initial recognition, financial liabilities are classified as financial liabilities at fair value through profit or loss, or as loans and payables, or as financial derivatives that are used as hedging instruments in an effective hedge.

All financial liabilities are initially recognized at fair value and, in the case of loans, borrowings and payables, at net of transaction costs directly associated with.

Issued, available and used Visas

Issued Visas

Issued visas represent payments made to government parties against issuance of visas for human resources and are recorded at cost.

Used Visas

Used visas that are used in recruitment and transferred from the issued visas are classified within the used visas and amortized in the consolidated statement of profit or loss and other comprehensive income using the straight-line method over a period of two years or the contract term, whichever is shorter. the amount of the used visas is completely impaired in the consolidated statement of profit or loss and other comprehensive income in case of termination of the contract or the existence of an inhibition to the continuation of the service. The used visas are classified as current and non-current assets.

Available Visas

The available visas represent the unused balance of issued visas as at the date of the consolidated financial statements. The amounts of available visas are transferred to the used visas at the time of stamping the visa for recruited human resources at the entry boarders of the Kingdom of Saudi Arabia. Available visas are classified as current assets.

TAMKEEN HUMAN RESOURCES COMPANY**(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 DECEMBER 2025****(ALL AMOUNTS ARE PRESENTED IN SAUDI RYALS UNLESS OTHERWISE STATED)****5- MATERIAL ACCOUNTING POLICIES (Continued)****Prepaid recruitment expenses**

Prepaid recruitment expenses represent payments made to suppliers and amortized in the consolidated statement of profit or loss and other comprehensive income using the straight-line method over a period of two years or the contract term, whichever is shorter. Prepaid recruitment expenses is completely impaired in the consolidated statement of profit or loss and other comprehensive income in case of termination of the contract or the existence of an inhibition to the continuation of the service. Prepaid recruitment expenses are classified as current and non-current assets.

Residence fees

Residence fees are amortized in the consolidated statement of profit or loss and other comprehensive income over one year in accordance with the validity of those fees and Residence fees is completely impaired in the consolidated statement of profit or loss and other comprehensive income in case of termination of the contract or the existence of an inhibition to the continuation of the service.

Provisions**General**

Provisions are recognized when the Group has a present obligations (legal or constructive) as a result of a past event, it is probable that the 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 management expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset and that only when the reimbursement is virtually certain. The expense related to a provision is presented in the consolidated statement of profit or loss net of any reimbursements.

Employees' defined benefits obligation

The cost of benefits to employees' under defined benefits plans is determined separately for each plan using the planned unit credit method.

Revenues from contracts with customers

Revenues is generated primarily by providing manpower services as per customer demand.

Type of products or services	Nature and timing of satisfaction of performance obligations
Providing labour services for domestic workers and public and private sector workers.	The performance obligation is represented in service contracts for the duration of the contract. The performance obligation is fulfilled over a period of time, and progress in fulfilling the performance obligation is measured over time during the contract term.
Providing services related to sponsorship transfer for individuals and generating revenues from cancelling contracts in both business and individual sectors.	The recognition of these services occurs at a specific point in time, i.e., when the sponsorship is transferred, or the contracts are cancelled.

Principal verses agent considerations

The Group conducted the necessary assessment to determine whether it acts as a principal or an agent in some of its contracts, in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements approved by the Saudi Organization for Certified Public Accountants ("SOCPA"). Based on the results, revenue is recognized on a gross basis if the Group acts as a principal, and on a net basis if it acts as an agent. After reviewing the contracts, it was determined that the Group is classified as a principal in all revenue contracts. Accordingly, revenue is recognized on a gross basis.

TAMKEEN HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS ARE PRESENTED IN SAUDI RYALS UNLESS OTHERWISE STATED)

5- MATERIAL ACCOUNTING POLICIES (Continued)

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities

Contract liabilities are obligations to transfer services to a customer in exchange for consideration received (or due) from/to the customer.

Trade receivables

The trade receivables amount represents an unconditional right to collect the consideration amount.

Zakat

The Group establishes zakat provision in accordance with the regulations of the Zakat, Tax and Customs (ZATCA) in the Kingdom of Saudi Arabia. The provision is charged to the consolidated statement of profit or loss.

Differences that may arise from the final assessments are accounted for when the group finalizes its assessments with the Zakat, Tax and Customs Authority.

Zakat and tax

The Group pays zakat in accordance with the regulations of the Zakat, Tax and Customs Authority, and the provision is charged to consolidated statement of profit or loss.

TAMKEEN HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS ARE PRESENTED IN SAUDI RIYALS UNLESS OTHERWISE STATED)

6- PROPERTY AND EQUIPMENT

	Lands	Buildings	Vehicles	Furniture and fixtures	Computer and office equipment	Electrical equipment	Leasehold improvements	Total
<u>Cost</u>								
As at January 1, 2024	15,412,183	9,188,887	22,992,135	2,999,287	3,380,458	3,082,664	9,538,909	66,594,523
Additions	2,047,500	1,890,000	6,400,141	593,445	364,202	711,819	16,946	12,024,053
Disposals	(3,500,000)	-	(237,500)	-	-	-	-	(3,737,500)
As at December 31, 2024	13,959,683	11,078,887	29,154,776	3,592,732	3,744,660	3,794,483	9,555,855	74,881,076
Additions	-	-	1,900,693	34,878	433,318	134,211	136,521	2,639,621
Disposals	-	-	(675,005)	(60,910)	-	(50,717)	-	(786,632)
As at December 31, 2025	13,959,683	11,078,887	30,380,464	3,566,700	4,177,978	3,877,977	9,692,376	76,734,065
<u>Accumulated depreciation</u>								
As at January 1, 2024	-	1,602,721	11,187,733	2,283,334	2,082,011	1,993,993	8,988,485	28,138,277
Charges during the year	-	443,155	4,369,460	361,564	549,921	461,289	210,673	6,396,062
Disposals	-	-	(143,073)	-	-	-	-	(143,073)
As at December 31, 2024	-	2,045,876	15,414,120	2,644,898	2,631,932	2,455,282	9,199,158	34,391,266
Charges during the year	-	443,155	5,519,769	320,571	506,822	434,515	170,227	7,395,059
Disposals	-	-	(382,752)	(41,996)	-	(25,922)	-	(450,670)
As at December 31, 2025	-	2,489,031	20,551,137	2,923,473	3,138,754	2,863,875	9,369,385	41,335,655
<u>Net Book Value</u>								
As at December 31, 2025	13,959,683	8,589,856	9,829,327	643,227	1,039,224	1,014,102	322,991	35,398,410
As at December 31, 2024	13,959,683	9,033,011	13,740,656	947,834	1,112,728	1,339,201	356,697	40,489,810
The depreciation expense for the years is allocated as follows:								
Cost of revenues from contracts with customers - Note 24				6,733,817		5,910,528		
General and administrative expenses - Note 26				661,242		485,534		
				7,395,059		6,396,062		

As at December 31, 2025, the carrying amount of fully depreciated assets that are still in use amounted to SAR 23,918,021 (2024: SAR 21,036,853).

TAMKEEN HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS ARE PRESENTED IN SAUDI RYALS UNLESS OTHERWISE STATED)

7- INTANGIBLE ASSETS

	Software	Projects under process *	Total
Cost:			
As at January 1, 2024	128,104	5,896,025	6,024,129
Additions	-	4,387,807	4,387,807
Transferred from project under process	5,678,988	(5,678,988)	-
As at December 31, 2024	5,807,092	4,604,844	10,411,936
Additions	-	3,574,509	3,574,509
As at December 31, 2025	5,807,092	8,179,353	13,986,445
Accumulated amortization:			
As at January 1, 2024	107,980	-	107,980
Charges during the year	1,139,187	-	1,139,187
As at December 31, 2024	1,247,167	-	1,247,167
Charges during the year	1,139,187	-	1,139,187
As at December 31, 2025	2,386,354	-	2,386,354
Net Book Value			
As at December 31, 2025	3,420,738	8,179,353	11,600,091
As at December 31, 2024	4,559,925	4,604,844	9,164,769

The amortization expense for the years is allocated as follows:

	2025	2024
General and administrative expenses - Note 26	1,139,187	1,139,187
	1,139,187	1,139,187

* Projects under process as of December 31, 2025 represents the costs incurred for phase two and the projects related ERP system.

8- LEASES

Right of use assets

Movement of right of use assets for the year ended December 31, is as follows:

	2025	2024
As at January 1,	16,223,444	13,037,354
Additions during the year	7,119,620	9,297,751
Disposals	(849,227)	(442,502)
Amortization during the year	(6,548,012)	(5,669,159)
As at December 31,	15,945,825	16,223,444

The Group rents buildings. The duration of these leases' ranges from 2 to 10 years.

TAMKEEN HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS ARE PRESENTED IN SAUDI RYALS UNLESS OTHERWISE STATED)

8- LEASES (Continued)

Lease liabilities

Movement of lease liabilities for the year ended December 31, is as follows:

	2025	2024
As at January 1,	15,543,391	12,439,234
Additions during the year	7,119,620	9,297,751
Disposals	(849,227)	(172,127)
Finance costs - Note 29	785,183	681,944
Paid	(7,386,719)	(6,703,411)
As at December 31,	15,212,248	15,543,391
Less: Current portion	(5,892,032)	(5,216,217)
Non-current portion	9,320,216	10,327,174

The amortization expense during the year is allocated as follows:

	2025	2024
Cost of revenues from contracts with customers - Note 24	5,163,869	4,649,366
General and administrative expenses - Note 26	1,384,143	1,019,793
	6,548,012	5,669,159

9- CASH MARGIN ON LETTER OF GUARANTEE

This amount represents the cash margin on letter of guarantee issued by a local bank at an amount of SAR 10.3 million (December 31, 2024: SAR 10 million), in return for issuing a letter of guarantee at an amount of SAR 10.3 million (December 31, 2024: SAR 10 million) Note 33.

10- USED VISAS

The movement of used visas during the year is as follows:

	2025	2024
As at January 1,	21,485,542	12,049,606
Transferred from available visas - Note 15	21,468,000	24,448,000
Amortization during the year	(25,062,573)	(15,012,064)
As at December 31,	17,890,969	21,485,542
Less: Current portion	(13,108,462)	(14,815,120)
Non-current portion	4,782,507	6,670,422

11- PREPAID RECRUITMENT EXPENSES

Recruitment expenses represent the amounts paid to external parties for the purpose of recruiting human resources to the Kingdom of Saudi Arabia and are amortized in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over a period of two years or the term of the contract, whichever is shorter. The details of recruitment expenses as of December 31, are as follows:

	2025	2024
As at January 1	18,404,557	20,035,250
Additions during the year	50,617,162	22,693,180
Amortization during the year	(32,762,254)	(24,323,873)
As at December 31	36,259,465	18,404,557
Less: Current portion - Note 14	(23,374,057)	(13,652,777)
Non-current portion	12,885,408	4,751,780

TAMKEEN HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS ARE PRESENTED IN SAUDI RYALS UNLESS OTHERWISE STATED)

12- TRADE RECEIVABLES, NET

	2025	2024
Trade receivables – Corporate	168,858,279	144,563,629
Trade receivables – Related parties - Note 13	34,420,237	18,088,867
Trade receivables – Individuals	3,294,215	2,333,035
	206,572,731	164,985,531
Less: Expected credit losses provision	(21,148,551)	(8,522,879)
	185,424,180	156,462,652

The aging of trade receivables is as follows:

	2025	2024
less than 31 days	89,066,709	73,232,228
From 31 – 90 days	69,753,895	65,609,324
From 91 – 120 days	15,465,271	6,163,340
From 121 – 365 days	13,376,390	8,393,530
More than 365 days	18,910,466	11,587,109
	206,572,731	164,985,531

Movement of expected credit losses provision was as follows:

	2025	2024
As at January 1,	8,522,879	3,345,173
Additions during the year	13,072,972	5,177,706
Adjustments during the year	(447,300)	-
As at December 31,	21,148,551	8,522,879

The balance of trade receivables includes the balances of five key customers of the Group, representing 63.7% as at December 31, 2025 (December 31, 2024: 67.4%) from the total balance of trade receivables. The total balances of these customers amounted to SAR 131,596,701 as at December 31, 2025 (December 31, 2024: SAR 111,165,303).

13- RELATED PARTY BALANCES AND TRANSACTIONS

The significant transactions with related parties and the approximate amounts related to are as follows:

Related party	Nature of transaction	2025	2024
Dr. Sulaiman Al Habib Medical services Group Company	Sales	65,285,986	22,027,355
	Purchases	(849,412)	(534,907)
ALFA Co. for Operations Services	Sales	8,441,915	4,735,817
Masah Contracting Company	Sales	8,102,132	21,207,692
Four Twins Company Limited	Sales	4,338,604	4,012,977
AlSafi Danone Company	Sales	3,579,417	2,248,797
Burger Map Restaurants for Fast Food Company	Sales	2,570,368	2,662,147
Unique Hospitality Company	Sales	275,523	-
Rawafid Health International Company	Sales	73,904	1,940
Namara Investment Company	Sales	68,205	17,960
Future Classification Real Estate Company	Sales	55,340	8,500
Tasheel Real Estate Company	Sales	5,979	45,881

TAMKEEN HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS ARE PRESENTED IN SAUDI RIYALS UNLESS OTHERWISE STATED)

13- RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

Due from related parties (Note 12) is as follows:

Related party	Nature of relationship	2025	2024
Dr. Sulaiman Al Habib Medical services Group			
Company	Shareholder	29,096,776	10,808,786
Masah Contracting Company	Related to shareholder	2,127,375	5,670,811
ALFA Co. for Operations Services	Related to shareholder	1,229,415	328,537
AlSafi Danone Company	Related to shareholder	1,135,046	425,032
Four Twins Company Limited	Related to shareholder	532,712	368,538
Burger Map Restaurants for Fast Food Company	Related to shareholder	268,470	483,749
Unique Hospitality Company	Related to shareholder	23,569	-
Namara Investment Company	Related to shareholder	6,874	1,474
Rawafid Global Health Company	Related to shareholder	-	1,940
		34,420,237	18,088,867

Compensation of senior management personnel

The compensation of senior management staff within the group represents the compensation of employees who have the authority and responsibility to planning, directing, and controlling the Group's activities. Benefits paid to the Group's key management personnel include salaries, cash and non-cash benefits, and contributions to a post-employment defined benefits plan.

The compensation of senior management personnel is as follows:

Related party	Nature of transaction	2025	2024
Senior executive management	Salaries and bonuses	10,760,729	6,804,560
Senior employees' defined benefits obligation	Employee benefits	552,274	640,451

14- PREPAID EXPENSES AND OTHER RECEIVABLES, Net

	2025	2024
Prepaid expenses	39,825,915	43,641,343
Prepaid recruitment fees - Note 11	23,374,057	13,652,777
Advances to suppliers *	2,039,062	5,909,803
Staff receivables	931,377	1,973,257
Others	3,012,028	3,630,534
	69,182,439	68,807,714

* Advances to suppliers are presented as follows:

	2025	2024
Advances to suppliers	6,598,434	8,627,372
Less: Advances to suppliers provision **	(4,559,372)	(2,717,569)
	2,039,062	5,909,803

** The movement of advances to suppliers provision is as follows:

	2025	2024
As at January 1,	2,717,569	1,255,009
Additions during the year	1,841,803	1,462,560
As at December 31,	4,559,372	2,717,569

TAMKEEN HUMAN RESOURCES COMPANY
 (A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2025
 (ALL AMOUNTS ARE PRESENTED IN SAUDI RYALS UNLESS OTHERWISE STATED)

15- AVAILABLE VISAS

Available visas represent the balance of unused visas as on December 31, The available visa amounts are transferred to the used visas upon stamping the visas for the human resources recruited at the border ports of the Kingdom of Saudi Arabia and the arrival of human resources to the Kingdom of Saudi Arabia. The movement of available visas is as follows:

	2025	2024
Aa at January 1,	18,044,000	16,622,000
Issued visas, net *	27,960,000	34,494,000
Transferred to used visas - Note 10	(21,468,000)	(24,448,000)
Returned visas	(3,644,000)	(8,624,000)
As at December 31,	20,892,000	18,044,000

* The balance of issued visas as of December 31, 2025, amounted to SAR 27,974,000 (2024: SAR 34,488,000). The balance of available visas as of December 31, 2025, amounted to SAR 20,892,000 (2024: SAR 18,044,000). The balance of paid and not issued visas as of December 31, 2025, amounted to SAR 4,000 (2024: SAR 18,000).

16- CASH AND CASH EQUIVALENTS

	2025	2024
Cash at banks	26,947,686	18,856,207
Short term deposits *	183,000,000	190,000,000
	209,947,686	208,856,207

* Murabaha short term deposits maturing within 90 days or less are maintained with commercial banks and generate financing income at prevailing market rates.

17- SHARE CAPITAL, RESERVES AND DIVIDENDS

Share capital

The Company's share capital as of December 31, 2025, consists of 26,500,000 shares (2024: 26,500,000 shares) with a par value of SAR 10 each.

Dividends

- On 13 Safar 1447H (corresponding to August 7, 2025G), the company's Board of Directors approved the distribution of cash dividends to shareholders for the first half of the current year 2025G, amounting to SR 37,100,000, at rate of SR 1.40 per share out of a total of 26,500,000 shares. The dividend distribution commenced on September 1, 2025G.
- On 29 Dhul-Hijjah 1446H (corresponding to June 25, 2025G), the Ordinary General Assembly approved the distribution of cash dividends to shareholders for the financial year ended December 31, 2024, in the amount of SR 55,120,000, at SR 2.08 per share, based on a total of 26,500,000 shares as of the end of the trading day on the date of the assembly meeting. The dividend distribution commenced on July 6, 2025.
- On 25 Sha'ban 1445H (corresponding to 6 March 2024G), The Extraordinary General Assembly approved the distribution of cash dividends to shareholders for the financial year ended December 31, 2023 amounted to SR 35,000,000, at a rate of SR 1.75 per share, for the total number of shares amounting to 20,000,000 shares as of December 31, 2023 which were distributed during the second quarter of 2024.

Capital management

For the purpose of capital management, capital includes share capital, and all other equity reserves attributable to the shareholders of the Company. The primary objective of capital management is to maximize value to the shareholders.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders.

TAMKEEN HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS ARE PRESENTED IN SAUDI RIYALS UNLESS OTHERWISE STATED)

18- RETAINED DEPOSITS

	2025	2024
As at January 1,	43,749,828	34,998,572
Additions during the year	2,863,752	13,033,070
Returned during the year	<u>(4,308,053)</u>	<u>(4,281,814)</u>
As at December 31,	42,305,527	43,749,828
Less: current portion	<u>(3,775,487)</u>	<u>(14,524,621)</u>
Non-current portion	38,530,040	29,225,207

The balance of retained deposits for related parties as of December 31, 2025, amounted to SAR 2,654,334 (2024: SAR 2,654,334).

19- EMPLOYEES' DEFINED BENEFITS OBLIGATION

The movement of employees' defined benefits, during the year is as follows:

	2025	2024
As at January 1,	21,593,726	14,822,720
Current service costs	11,222,200	7,731,485
Finance costs - Note 29	940,015	667,022
Recoverable employees benefits from customers *	1,742,369	1,387,945
Paid during the year	<u>(6,540,694)</u>	<u>(4,127,554)</u>
Actuarial re-measurement	<u>896,802</u>	<u>1,112,108</u>
As at December 31,	29,854,418	21,593,726

* The movement of recoverable employees benefits from customers is as follows:

	2025	2024
As at January 1,	1,387,945	-
Additions during the year	2,019,410	1,387,945
Disposals during the year	<u>(277,041)</u>	<u>-</u>
As at December 31,	3,130,314	1,387,945

Key actuarial assumptions

The following key actuarial assumptions have been used by the Group to assess the employees' defined benefits obligation:

	2025	2024
Evaluation discount rate	%5.00	%5.25
Expected salary increase rate	%5.00	%5.00

Sensitivity analysis of actuarial assumptions

	2025	2024
Evaluation discount rate		
Increase 1%	27,994,931	20,538,175
Decrease 1%	<u>30,180,188</u>	<u>22,145,600</u>
Expected salary increase rate		
Increase 1%	30,169,225	22,139,453
Decrease 1%	<u>27,985,055</u>	<u>20,529,249</u>

20- CONTRACT LIABILITIES

	2025	2024
As at January 1,	26,343,872	14,642,391
Additions during the year	623,291,661	564,448,680
Recognized revenue during the year	<u>(616,308,026)</u>	<u>(552,747,199)</u>
As at December 31,	33,327,507	26,343,872

TAMKEEN HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS ARE PRESENTED IN SAUDI RYALS UNLESS OTHERWISE STATED)

21- ACCRUED EXPENSES AND OTHER ACCRUALS

	2025	2024
Accrued salaries and other benefits	31,850,666	28,380,933
Accrued vacations	26,095,706	19,206,514
Accrued tickets	20,142,624	16,187,265
Value added tax payable	9,353,822	8,309,522
Accrued employees bonuses	3,600,000	-
Withholding Tax provision	2,530,358	-
Accrued bonuses of the Board of Directors and committee's	2,093,056	570,417
IPO accrued expenses	-	2,166,935
Others	6,388,320	2,308,545
	102,054,552	77,130,131

22- ZAKAT

The Group is subject to zakat. Zakat is due at a rate of 2.5% of the zakat base. The main components of the zakat base according to the executive regulations for zakat collection consist mainly of equity and its equivalent, some liabilities within the limits of deductible assets, and the difference between the adjusted profit and the book profit, minus some assets. The zakat base is limited to equity and its equivalent as a maximum, and as a minimum the lowest value or the adjusted profit.

Zakat base components

The main zakat base components are as follows:

	2025	2024
Equity and its equivalents	367,699,860	362,312,651
Zakat base additions – Liabilities and its equivalents	64,471,341	60,189,188
Zakat base disposals – Non-current assets and its equivalents	(78,026,833)	(87,300,225)
Zakat base	354,144,368	335,201,614

Zakat provision movement

	2025	2024
As at January 1,	12,609,385	11,174,891
Zakat expense charged for the year	9,128,721	8,628,212
Reversal of provision during the year	(2,746,494)	-
Paid during the year	(8,713,175)	(7,193,718)
As at December 31,	10,278,437	12,609,385

Zakat Status and Assessments

The company filed its Zakat returns (self-assessment) for all years up to December 31, 2024, and settled its zakat liabilities accordingly. During the year 2025, The Zakat, Tax and Customs Authority (ZATCA) issued the final Zakat assessment for the year ended December 31, 2024, with additional Zakat liability amounting to SAR 40,403 and the company paid this additional Zakat liability. ZATCA had issued a final assessment up to the year 2021 and for the year of 2024 while the years of 2022 and 2023 are still under review from ZATCA.

Eraf Medical Company

The subsidiary submitted its first zakat return for the year ended December 31, 2024, to the Zakat, Tax, and Customs Authority and obtained a zakat certificate. However, its zakat return is still under review by the Authority.

The Group establishes a provision for amounts likely to be ultimately paid to the Authority based on the advice of its zakat and tax expert.

TAMKEEN HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS ARE PRESENTED IN SAUDI RYALS UNLESS OTHERWISE STATED)

23- REVENUES FROM CONTRACTS WITH CUSTOMERS

Detailed information of revenues

<u>Sectors</u>	2025	2024
Contracting, operation and maintenance	614,966,896	377,420,923
Individuals	219,168,597	192,023,211
Medical and home health care	74,613,120	70,732,018
Restaurants and food	47,145,711	46,147,124
Retail	28,932,933	27,324,804
Technology and information systems	7,529,729	7,986,860
Others	21,758,110	-
Total revenues from contracts with customers	1,014,115,096	721,634,940
<u>Customer type</u>	2025	2024
Corporate	794,946,499	529,611,729
Individuals	219,168,597	192,023,211
Total revenues from contracts with customers	1,014,115,096	721,634,940
<u>Geographical distribution</u>	2025	2024
Central region	500,031,816	307,121,803
Eastern region	333,873,046	294,457,614
Western region	130,826,041	72,524,065
Southern region	28,780,764	28,017,807
Northern region	20,603,429	19,513,651
Total revenues from contracts with customers	1,014,115,096	721,634,940
<u>Revenue recognition timing</u>	2025	2024
Over a period of time	989,248,158	709,884,284
At a point of time	24,866,938	11,750,656
Total revenues from contracts with customers	1,014,115,096	721,634,940
<u>Collection type</u>	2025	2024
Cash Revenues	219,168,597	192,023,211
Deferred Revenues	794,946,499	529,611,729
Total revenues from contracts with customers	1,014,115,096	721,634,940
<u>Contract balances</u>	2025	2024
Trade receivables - Note 12	206,572,731	164,985,531
Contract liabilities - Note 20	(33,327,507)	(26,343,872)

The Group's revenue includes five key customers, accounting for 56.1% of total revenue for the year ended December 31, 2025 (December 31, 2024: 49.4%). The revenue from these customers amounted to SAR 568,769,659 for the year ended December 31, 2025 (December 31, 2024: SAR 356,150,711).

TAMKEEN HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS ARE PRESENTED IN SAUDI RYALS UNLESS OTHERWISE STATED)

24- COST OF REVENUES FROM CONTRACTS WITH CUSTOMERS

	2025	2024
Salaries and other benefits	525,456,264	372,695,862
Visa and work permit fees	160,162,529	97,255,160
Recruitment expenses	32,762,254	24,322,390
Amortization of used visas	25,057,587	14,996,511
Travel tickets	13,520,801	13,190,343
Depreciation and amortization	11,897,686	10,559,894
Cost of employees' defined benefits obligation	9,359,124	6,149,697
Medical insurance	8,818,426	6,656,979
Social insurance	6,970,039	5,939,309
Maintenance and repairs	3,868,754	2,871,754
Labour accommodation rent	3,573,472	2,538,765
Bank charges	3,420,050	2,899,472
Incentives and bonuses	2,091,603	1,545,902
Living expenses	1,772,155	2,196,147
Medical examination	505,876	616,415
Subscriptions and fees	226,202	274,488
Governmental expenses	202,081	468,474
Others	24,348,262	21,899,120
	834,013,165	587,076,682

25- MARKETING EXPENSES

	2025	2024
Marketing and advertising	3,119,799	7,077,632
	3,119,799	7,077,632

26- GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
Salaries and other benefits	34,577,542	29,032,152
Subscriptions and fees	6,786,119	5,194,002
Incentives and bonuses	6,458,068	-
Depreciation and amortization	3,184,572	2,644,514
Board of Director's and committee's bonuses	2,551,889	1,196,558
Withholding Tax provision	2,530,358	-
Professional fees *	2,417,934	4,041,455
Social insurance	2,104,396	1,686,176
Costs of employees' defined benefits	1,863,076	1,581,788
Advance to suppliers provision	1,841,803	1,462,560
Medical insurance	945,863	616,331
Postal and telephone	589,453	176,637
Governmental fees	558,250	670,422
Rents	93,219	130,948
Electricity and water	79,229	159,497
Stationery and printings	79,091	149,748
Maintenance and repairs	71,388	192,684
Amortization of used visas	4,986	15,553
Others	3,363,935	2,958,868
	70,101,171	51,909,893

TAMKEEN HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS ARE PRESENTED IN SAUDI RYALS UNLESS OTHERWISE STATED)

26- GENERAL AND ADMINISTRATIVE EXPENSES (Continued)

* The external auditor's fees for auditing and reviewing the Company's interim financial statements for the year ended December 31, 2025, amounted to SAR 670,000 (2024: SAR 530,000), while the related services amounted to SAR 30,000 (2024: SAR 141,000).

27- OTHER NON-OPERATING INCOME, NET

	2025	2024
Reversal of other provisions	2,746,494	2,512,279
Gain from sales of property and equipment	2,130	9,559,257
Unrealized loss from investments at fair value through profit or loss	(798,842)	-
Others	903,440	1,226,432
	2,853,222	13,297,968

28- FINANCE INCOME

	2025	2024
Gain from Murabaha term deposits	10,240,163	11,504,753
Gain from sales of investments at fair value through profit or loss	384,405	807,308
	10,624,568	12,312,061

29- FINANCE COSTS

	2025	2024
Finance costs on lease liabilities - Note 8	785,183	681,944
Finance costs on employees' defined benefits - Note 19	940,015	667,022
	1,725,198	1,348,966

30- EARNINGS PER SHARE

	2025	2024
Net profit for the year – Company's shareholders	95,101,959	85,508,204
Number of shares	26,500,000	26,500,000
Earnings per share – basic and diluted	3.59	3.23

There is no dilutive effect on the basic or diluted earnings per share of the Group.

Basic earnings per share is calculated by dividing the net profit for the year attributable to shareholders by the weighted average number of outstanding ordinary shares during the year.

31- SEGMENTS REPORTING

The Group engages in mediating the recruitment of human resources and providing labour and logistical services and support to the public sector and the private sector. The group is mainly divided into the corporate and individual sectors, and the group has one geographical sector, which is the Kingdom of Saudi Arabia. The following are the financial details of these sectors:

The following tables display revenue and profit information for the Group's operating segments for the years ended December 31, 2025, and 2024:

	For the year ended December 31, 2025			
	Corporate sector	Individuals sector	Other	Total
Revenues from contracts with customers	794,946,499	219,168,597	-	1,014,115,096
Cost of revenues from contracts with customers	(643,719,203)	(190,293,962)	-	(834,013,165)
Gross profit	151,227,296	28,874,635	-	180,101,931
Marketing expenses	(20,115)	(3,099,684)	-	(3,119,799)
General and administrative expenses	(7,796,222)	(8,346,408)	(53,958,541)	(70,101,171)
Expected credit losses provision	(12,413,423)	(659,549)	-	(13,072,972)
Operating profit (loss)	130,997,536	16,768,994	(53,958,541)	93,807,989

TAMKEEN HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS ARE PRESENTED IN SAUDI RIYALS UNLESS OTHERWISE STATED)

31- SEGMENTS REPORTING (Continued)

	For the year ended December 31, 2024			
	Corporate sector	Individuals sector	Other	Total
Revenues from contracts with customers	529,611,729	192,023,211	-	721,634,940
Cost of revenues from contracts with customers	(417,262,612)	(169,814,070)	-	(587,076,682)
Gross profit	112,349,117	22,209,141	-	134,558,258
Marketing expenses	-	(6,647,074)	(430,558)	(7,077,632)
General and administrative expenses	(2,956,810)	(6,633,714)	(42,319,369)	(51,909,893)
Expected credit losses provision	(4,342,304)	(835,402)	-	(5,177,706)
Operating profit (loss)	105,050,003	8,092,951	(42,749,927)	70,393,027

32- NON-CONTROLLING INTERESTS

The following is a summary of the total financial information related to the group's subsidiary (Eraf Medical Company), and represents the amounts before disposals between the group companies:

	2025	2024
<u>Summary of the financial position statement</u>		
Non-current assets	1,477,396	602,843
Current assets	8,462,092	5,621,503
Non-current liabilities	586,776	152,352
Current liabilities	1,346,107	1,390,141
Net assets	8,006,605	4,681,853
Non-controlling interests	3,202,642	1,872,741
<u>Summary of the profit or loss and other comprehensive income statement</u>		
Revenues	11,952,880	6,390,878
Expenses	(8,628,128)	(5,096,693)
Income for the year	3,324,752	1,294,185
Other comprehensive income	-	-
Total comprehensive income for the year	3,324,752	1,294,185
Non-controlling interests	1,329,901	517,674
<u>Summary of the cash flow statement</u>		
Cash generated from operating activities	4,793,672	398,849
Cash used in investing activities	(148,155)	-
Cash used in financing activities	(529,348)	(168,918)

33- COMMITMENTS AND CONTINGENT LIABILITIES

Commitments for capital expenditure

Capital expenditure contracted by the Group but not incurred till December 31, 2025, amounted to SAR 4,627,769 (2024: SAR 4,120,030).

Guarantees

As at December 31, 2025, the Group had a letter of guarantee amounted of SR 10.3 million secured by a cash margin of SR 10.3 million (December 31, 2024: SR 10 million) in relation to the company's license issued by the Ministry of Human Resources and Social Development – Note 9.

TAMKEEN HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS ARE PRESENTED IN SAUDI RYALS UNLESS OTHERWISE STATED)

34. FAIR VALUE AND FINANCIAL INSTRUMENTS RISK MANAGEMENT

34.1 FAIR VALUE

The fair value of investments measured at fair value through profit or loss amounted to SAR 1,983,529 as of December 31, 2025 (2024: Zero).

34.2 RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

The Group's activities expose it to multiple financial risks, such as credit risk, liquidity risk, market price risk, currency risk, and interest rate risk.

Credit risk

Credit risk is the inability of one party to a financial instrument to fulfil its obligations, resulting in the other party incurring a financial loss. The Group is exposed to credit risk on trade receivables and bank balances. The carrying value of financial assets represents the maximum exposure to credit risk. The Group maintain guarantees against these instruments.

The Group manages credit risk in relation to trade receivables by setting credit limits for each customer and monitoring uncollected receivables on an ongoing basis. Receivable balances are monitored so that the Group does not incur material bad debts.

Cash at banks balances are maintained with financial institutions with high credit ratings.

The exposure to credit risk on trade receivables by customer type was as follows:

	2025	2024
Corporate	168,858,279	144,563,629
Related parties	34,420,237	18,088,867
Individuals	3,294,215	2,333,035
	206,572,731	164,985,531

Evaluation of expected credit losses for trade receivables:

Management performs an impairment analysis at each reporting date using a specific matrix to calculate the allowance for expected credit losses. Provision ratios are based on days since maturity for groups of different customer segments with similar loss patterns.

The table below presents information about exposure to credit risk and expected credit losses for trade receivables from corporate clients:

	Number of days since past due date					
	Not past due date	Less than 90 days	90 to 180 days	181 to 365 days	More than 365 days	Total
As at December 31, 2025						
Loss rate	%0.30	%0.42	%6.59	%24.17	%83.41	
Exposure*	61,161,401	42,364,725	5,073,205	929,532	2,882,399	112,411,262
Expected losses	182,094	179,874	334,566	224,699	2,404,155	3,325,388

	Number of days since past due date					
	Not past due date	Less than 90 days	90 to 180 days	181 to 365 days	More than 365 days	Total
As at December 31, 2024						
Loss rate	0.20%	0.32%	8.79%	40.31%	93.12%	
Exposure*	52,554,606	33,705,060	3,340,937	1,454,805	2,523,232	93,578,640
Expected losses	103,796	109,100	293,771	586,431	2,349,658	3,442,756

* The Group shows the exposure after deducting all insurances for the service provided, which include cash insurances. The Group also excludes clients against whom lawsuits are filed by the Group, and the lawsuits provision is calculated according to the legal opinion.

TAMKEEN HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS ARE PRESENTED IN SAUDI RIYALS UNLESS OTHERWISE STATED)

34. FAIR VALUE AND FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

34.2 RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)

Credit risk (Continued)

The table below represents information about exposure to credit risk and expected credit losses for trade receivables from individual customers:

	Number of days since past due date				
	Not past due date	Less than 90 days	90 to 180 days	181 to 365 days	More than 365 days
Total					
As at December 31, 2025					
Loss rate	%1	%1	%2	%100	%100
Exposure*	-	822,398	56,757	475,404	1,939,656
Expected losses	-	8,224	1,135	475,404	1,939,656
					2,424,419
As at December 31, 2024					
Loss rate	1%	1%	2%	100%	100%
Exposure*	-	410,285	177,339	460,398	1,296,823
Expected losses	-	4,103	3,546	460,398	1,296,823
					1,764,870

The expected credit losses provision shown in Note 12 consist of the following:

	2025	2024
Expected credit losses - Corporate	3,325,388	3,442,756
Expected credit losses - Individuals	2,424,419	1,764,870
Expected credit losses - Related parties	329,807	-
Expected credit losses - Lawsuits	15,068,937	3,315,253
	21,148,551	8,522,879

Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet obligations associated with financial instruments. Liquidity risks may result from the inability to sell a financial asset quickly at an amount approximate to its fair value. Liquidity risk is managed by monitoring on a regular basis and ensuring that sufficient funds and banking facilities are available to meet the Group's future obligations. The contractual maturities at the end of the reporting period for financial liabilities are as follows.

	December 31, 2025		
	Book value	Less than a year	More than a year
Financial liabilities			
Retained deposits	42,305,527	3,775,487	38,530,040
Lease liabilities	15,212,248	5,892,032	9,320,216
Trade payables	6,657,097	6,657,097	-
Accrued expenses and other accruals	102,054,552	102,054,552	-
	166,229,424	118,379,168	47,850,256
December 31, 2024			
	Book value	Less than a year	More than a year
Financial liabilities			
Retained deposits	43,749,828	14,524,621	29,225,207
Lease liabilities	15,543,391	5,216,217	10,327,174
Trade payables	7,127,523	7,127,523	-
Accrued expenses and other accruals	77,130,131	77,130,131	-
	143,550,873	103,998,492	39,552,381

TAMKEEN HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS ARE PRESENTED IN SAUDI RYALS UNLESS OTHERWISE STATED)

34- FAIR VALUE AND FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

34.2 RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)

Market price 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, which affecting 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 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 other than the Group's currency. The Group exposure to foreign currency risk is primarily limited to transactions in US dollars ("USD"). The Group's management believes that their exposure to currency risk associated with USD is limited as the Group currency is pegged to USD. The fluctuation in exchange rates against other currencies is monitored on a going basis.

Interest rate risk

Interest rate risk arises from the fluctuation in the fair value or future cash flows of a financial instrument due to changes in market rates. The Group is not currently exposed to significant interest rate risk on its assets and liabilities.

35- COMPARATIVE FIGURES

Comparative figures have been reclassified to conform to the current year presentation.

36- SUBSEQUENT EVENTS

On 24 Sha'ban1447H (corresponding to February 12, 2026G), the Company's Board of Directors has decided to distribute cash dividends to the shareholders for the Second half of the fiscal year 2025 in the amount of SAR 30,475,000, at a rate of SAR 1.15 per share.

37- APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended December 31, 2025, have been approved for issuance by the Company's Board of Directors on 24 Sha'ban1447H (corresponding to February 12, 2026G).