

AL Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
Condensed Consolidated Interim Financial Statements (Unaudited)
For the three-month period ended 31 March 2023
Together with
the Independent Auditor's Review Report

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
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For the three-month period ended 31 March 2023

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كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Al Mawarid Manpower Company (Saudi Closed Joint Stock Company)

Introduction

We have reviewed the accompanying 31 March 2023 condensed consolidated interim financial statements of **Al Mawarid Manpower Company** ("the Company") and its subsidiaries (together referred to as "the Group") which comprises:

- The condensed consolidated statement of financial position as at 31 March 2023;
- The condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2023;
- The condensed consolidated statement of changes in equity for the three-month period ended 31 March 2023;
- The condensed consolidated statement of cash flows for the three-month period ended 31 March 2023; and
- The notes to the condensed consolidated financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2023 condensed consolidated interim financial statements of **Al Mawarid Manpower Company** ("the Company") and its subsidiaries (together referred to as "the Group") are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Fahad Mubark Aldossari
License No. 469



Riyadh: On 1 Dhul Qadah 1444H
Corresponding to: 21 May 2023

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2023
– (All amounts in Saudi Riyal unless otherwise stated)

	<i>Note</i>	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Assets			
Non-current assets			
Property and equipment	12	13,355,934	13,290,668
Intangible assets		1,280,607	1,374,037
Right of use assets		30,906,062	22,607,698
Used and unused visas and other non-current assets	13	48,299,447	46,603,184
Financial investments at FVTPL	17	4,050,800	4,027,500
Total non-current assets		97,892,850	87,903,087
Current assets			
Trade receivables	14	142,806,153	130,646,621
Prepayments and other current assets	15	124,118,290	150,513,813
Due from related parties	16	77,638,763	79,654,109
Financial investments at FVTPL	17	25,025,512	-
Cash and cash equivalents	18	75,488,618	55,380,958
Total current assets		445,077,336	416,195,501
Total assets		542,970,186	504,098,588
Equity and Liabilities			
Equity			
Share capital	19	150,000,000	150,000,000
Statutory reserve		35,293,412	35,293,412
Retained earnings		128,794,638	107,772,290
Total equity		314,088,050	293,065,702
Liabilities			
Non-current liabilities			
Employees` benefits liabilities	10	27,938,236	25,602,457
Lease liabilities		15,709,596	10,157,893
Recruitment agents` guarantees		1,221,687	1,178,329
Total Non-current liabilities		44,869,519	36,938,679
Current Liabilities			
Trade payables and other current liabilities	20	151,662,140	147,905,112
Retained deposits		9,708,958	7,014,634
Lease liabilities		11,767,740	10,670,935
Due to related parties	16	44,683	40,180
Provision for Zakat	11	10,829,096	8,463,346
Total current liabilities		184,012,617	174,094,207
Total liabilities		228,882,136	211,032,886
Total equity and liabilities		542,970,186	504,098,588

The accompanying notes from (1) through (25) form an integral part of these condensed consolidated interim financial statements

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
For the three-month period ended 31 March 2023
(All amounts in Saudi Riyal unless otherwise stated)

		For the three-month period ended 31 March	
	<i>Note</i>	2023 (Unaudited)	2022 (Unaudited)
Revenue	7	293,874,436	188,426,458
Cost of revenue	8	(259,421,523)	(164,417,947)
Gross profit		34,452,913	24,008,511
Selling and marketing expenses		(3,013,568)	(2,684,441)
General and administrative expenses		(7,846,411)	(6,516,608)
Impairment reversal / (loss) on trade receivables		169,837	(653,374)
Other income		759,404	566,932
Profit from operations before Zakat		24,522,175	14,721,020
Zakat expense		(2,365,750)	(1,783,996)
Profit for the period after Zakat		22,156,425	12,937,024
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement (loss) / gain on employees' defined benefits obligation		(1,134,077)	789,129
Total comprehensive income for the period		21,022,348	13,726,153
Earnings per share:			
Basic & diluted earning per share	9	1.48	0.86

The accompanying notes from (1) through (25) form an integral part of these condensed consolidated interim financial statements

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three-month period ended 31 March 2023
_ (All amounts in Saudi Riyal unless otherwise stated)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Contractual reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at 1 January 2022 (Audited)	100,000,000	27,694,675	20,000,000	85,329,447	233,024,122
Net profit for the period (Unaudited)	-	-	-	12,937,024	12,937,024
Other comprehensive income for the period (Unaudited)	-	-	-	789,129	789,129
Total comprehensive income for the period (Unaudited)	-	-	-	13,726,153	13,726,153
Balance at 31 March 2022 (Unaudited)	<u>100,000,000</u>	<u>27,694,675</u>	<u>20,000,000</u>	<u>99,055,600</u>	<u>246,750,275</u>
 Balance at 1 January 2023 (Audited)	 150,000,000	 35,293,412	 -	 107,772,290	 293,065,702
Net profit for the period (Unaudited)	-	-	-	22,156,425	22,156,425
Other comprehensive loss for the period (Unaudited)	-	-	-	(1,134,077)	(1,134,077)
Total comprehensive income for the period (Unaudited)	-	-	-	21,022,348	21,022,348
Balance at 31 March 2023 (Unaudited)	<u>150,000,000</u>	<u>35,293,412</u>	<u>-</u>	<u>128,794,638</u>	<u>314,088,050</u>

The accompanying notes from (1) through (25) form an integral part of these condensed consolidated interim financial statements

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
Condensed Consolidated Statement of Cash Flows
For the three-month period ended 31 March 2023
– (All amounts in Saudi Riyal unless otherwise stated)

	<i>Note</i>	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Cash flows from operating activities			
Net profit before Zakat		24,522,175	14,721,020
Adjustments for non-cash items:			
Depreciation on property and equipment		472,629	333,823
(Gain) on disposal of property and equipment		(101,698)	(3,193)
Amortisation of intangibles assets		146,825	165,956
Depreciation on right of use assets		3,859,804	3,074,925
Finance costs – leases		369,430	237,103
Impairment (reversal) / loss on trade receivables	14	(169,837)	653,374
Gains from financial investments at FVTPL	17	(48,812)	(109,089)
Provision for employees` benefits liabilities	10	2,655,384	3,328,111
		31,705,900	22,402,030
Changes in working capital:			
Used and unused visas and other non-current assets		(1,696,263)	(1,659,759)
Trade receivables		(11,989,695)	(12,468,211)
Prepayments and other current assets		26,395,523	(3,561,643)
Due from and to related parties		2,019,849	(7,393,489)
Recruitment agents guarantees		43,358	202,750
Trade payables and other current liabilities		3,757,028	11,582,632
Retained deposits		2,694,324	498,282
Employees` benefits liabilities paid	10	(1,453,682)	(1,596,293)
Interest paid		(369,430)	(237,103)
Net cash flows generated from operating activities		51,106,912	7,769,196
Cash flows from investing activities			
Acquisition of property and equipment		(552,980)	(289,845)
Proceed from disposal of property and equipment		116,783	5,692
Acquisition of intangible assets		(53,395)	(125,550)
Acquisition of financial investments at FVTPL	17	(25,000,000)	(7,000,000)
Proceeds from sale of financial investments at FVTPL	17	-	22,000,000
Net cash flows (used in) / generated from investing activities		(25,489,592)	14,590,297
Cash flows from financing activities			
Payment of lease liabilities with out finance expense		(5,509,660)	(3,459,961)
Net cash flows (used in) financing activities		(5,509,660)	(3,459,961)
Net change in cash and cash equivalents		20,107,660	18,899,532
Cash and cash equivalents at the beginning of the period		55,380,958	26,627,152
Cash and cash equivalents at the end of the period		75,488,618	45,526,684
Non-cash transactions:			
Write-off of debts and trade receivables`s settlements		80,465	-
Remeasurement of Employees` benefits liabilities		1,134,077	789,129
Additions of right-of-use assets under lease liabilities		12,158,168	1,023,955

The accompanying notes from (1) through (25) form an integral part of these condensed consolidated interim financial statements

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
Notes to the Condensed consolidated interim financial statements
For the three-month period ended 31 March 2023

1. General information

AL-Mawarid Manpower Company is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010343697 issued in Riyadh on 12 Sha'aban 1433H (corresponding to 2 July 2012).

The principal activities of the Company and its subsidiaries (the "Group") are to provide the activities of recruitment services for domestic workers and temporary employment agencies for domestic services and expatriate labor services, under a license Ministry of Labor No. (6 /UMM) dated 5 Muharram 1434H (corresponding to 19 November 2012), in addition to providing a Saudi Manpower service.

The headquarter of the Group is located in Riyadh, Al-Rawda District, P.O. Box 120058, Riyadh 11679, Kingdom of Saudi Arabia.

The accompanying condensed consolidated interim financial statements include the branches of the Group listed below which operate under the following sub-commercial registrations:

Branch	CR No.	Date
Riyadh - domestic workers	101036995	27 Jumada' I 1434H (corresponding 8 April 2013)
Riyadh - expatriate workers	101036996	25 Jumada' I 1434H (corresponding 6 April 2013)
Al Khobar	205106063	2 Sha'aban 1436H (corresponding to 20 May 2015)
Buraidah	113105662	21 Rabi' II 1437H (corresponding to 31 January 2016)
Al Jubail	205502483	20 Jumada' I 1437H (corresponding to 29 February 2016)
Hail	335004431	3 Dhul-Hijjah 1437H (corresponding to 4 September 2016)
Jeddah	403029252	22 Rabi' I 1438H (corresponding to 21 December 2016)
Riyadh - Al Taawun	101046676	29 Rabi' I 1438H (corresponding to 28 December 2016)
Al Madinah Al Monawarah	465008188	3 Rabi' II 1438H (corresponding to 21 December 2017)
Riyadh - Al Rawda	101063870	26 Shawwal 1441H (corresponding to 17 June 2020)
Uniza	112818413	26 Shawwal 1441H (corresponding to 17 June 2020)
Abha	585012973	22 Rabi' II 1442H (corresponding to 7 December 2020)
Tabouk	355014353	28 Rajab 1443H (corresponding to 1 March 2022)
Al Ahsa	203111081	13 Rabi' I 1444H (corresponding to 9 October 2022)

The condensed consolidated interim financial statements for the three months period ended 31 March 2023 include the financial position and results of the operations of the Company and its subsidiaries (all referred to as the "Group") as explained below:

<u>Subsidiary's name</u>	<u>Legal Entity</u>	<u>Share holding</u>	
		<u>2023</u>	<u>2022</u>
Musanid Al Marafiq for Maintenance and Cleaning	(A single Member Limited Liability Company)	100%	100%
Sawaid Manpower Company	(A single Member Limited Liability Company)	100%	100%

According to the Company's by-laws, the financial year of the Company begins on 1st January and ends on 31st December of each Gregorian year. The financial year of the subsidiaries begins on 1st January and ends on 31st December of each Gregorian year.

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
Notes to the Condensed consolidated interim financial statements
For the three-month period ended 31 March 2023

2. Basis of preparation

These condensed consolidated interim financial statements for the three-month period ended 31 March 2023 have been prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting” as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and professional Accountants (“SOCPA”).

The condensed consolidated interim financial statements should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2022 (“last annual consolidated financial statements”). These condensed consolidated interim financial statements do not include all of information and disclosures required to prepare a full set of financial statements prepared under IFRS. However, selected accounting policies and explanatory notes are included to explain events and transactions that are significant to understand the changes in the Group’s financial position and performance since the latest consolidated annual financial statements.

These condensed consolidated interim financial statements have been approved for issuance by the Board of Directors on 18 May 2023 (corresponding to 28 Shawwal 1444H).

a. Basis of measurement

These condensed consolidated interim financial statements have been prepared on historical cost basis except for employees’ benefits obligations that are measured at the present value of future obligations using the projected unit credit method and the financial investments that are measured at the fair value. Further, condensed consolidated interim financial statements have been prepared using the accrual basis of accounting and the going concern concept.

b. Functional and presentation currency

These condensed consolidated interim financial statements have been presented in Saudi Riyal (“SAR”), which is the Group’s functional and presentation currency.

3. Use of judgment and estimates

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, costs, assets and liabilities. Actual results may differ from these estimates.

The significant estimates made by the management when applying the Group’s accounting policies and the significant sources of uncertainties of the estimates were similar to those shown in the Group’s last annual consolidated financial statements.

Fair value measurement

A number of the Group’s accounting policies require the measurement of fair values for financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable input and adjustments to the evaluation. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1, which are observable inputs for an asset or liability, either directly (such as prices) or indirectly (derived from prices).
- Level 3: Inputs for assets or liabilities not based on observable market data (unobservable inputs).

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
Notes to the Condensed consolidated interim financial statements
For the three-month period ended 31 March 2023

3. Use of judgment and estimates (continued)

Fair value measurment (continued)

If the inputs used to measure the fair value of the assets and liabilities fall within different levels in the fair value hierarchy, then the fair value is categorized as a whole using the lowest level of the fair value hierarchy inputs that are significant to the measurement as a whole.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

4. Significant accounting policies

The accounting policies used when preparing these condensed consolidated interim financial statements are in line with what is stated in the notes to the consolidated financial statements of the Group for the year ended 31 December 2022. With the exception of applying the amendments and interpretations in effect as of 1 January 2023, as mentioned in Note (5-a).

The principal accounting policies have been consistently applied to all periods presented in these condensed consolidated interim financial statements.

5. New standards or amendments effective in 2023 and subsequent years

The following are a number of standards, amendments and interpretations of standards that were issued by the IASB on 20 March 2023.

a) Currently effective new standards, interpretations and amendments:

Effective date	New Standards and Amendments
1 January 2023	IFRS 17 Insurance contracts
	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
	Definition of accounting estimates (amendments to IAS 8).
	Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12).

Management conducted a financial impact assessment and found that there was no impact on the condensed consolidated interim financial statements as at 31 March 2023.

b) Forthcoming requirements

Standards and amendments issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below.

Effective date	New Standards and Amendments
1 January 2024	Non-current liabilities with covenants and Classification of liabilities as current/non-current (Amendments to IAS 1).
	Lease Liability in a sale and leaseback – Amendments to IFRS 16
Available for optional adoption/effective date deferred indefinitely	Sale or contribution of assets between the investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28).

Management will assess the financial impact of the new standards and amendments and management expects that they will have no impact on the group's financial statements

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
Notes to the Condensed consolidated interim financial statements
For the three-month period ended 31 March 2023
– (All amounts in Saudi Riyal unless otherwise stated)

6. Segments information

The operating segment is a component of the Group that:

- Performs activities from which revenue can be realized and expenses may be incurred,
- The results of its operations are constantly analyzed by management in order to make decisions regarding resource allocation and performance evaluation, and
- For which financial information is available.

The group has the following three strategic divisions, which are its reported segments. These segments provide services to different kinds of customer segments and are managed through different strategies. The following summary describes the operations of each reportable sectors:

- **Corporate sector:** This sector relates to providing an expatriate and Saudi manpower services to companies, whose contracts are for two years.
- **Individual's sector:** This sector relates to providing domestic labor services to individuals' clients ranging from the duration of their contracts ranges from month to two years.
- **Hourly sector:** This sector relates to the cleaning services provided to individuals' clients by hour/visit, mostly each cleaning visit is four hours.

	For the three-months period ended 31 March 2023 (Unaudited)			
	Corporate Sector	Individuals Sector	Hourly Sector	Total
Revenue	192,306,786	67,159,157	34,408,493	293,874,436
Cost of revenue	(168,469,519)	(63,922,642)	(27,029,362)	(259,421,523)
Gross profit	<u>23,837,267</u>	<u>3,236,515</u>	<u>7,379,131</u>	<u>34,452,913</u>
	For the three-month period ended 31 March 2022 (unaudited)			
	Corporate Sector	Individuals Sector	Hourly Sector	Total
Revenue	121,361,662	40,164,010	26,900,786	188,426,458
Cost of revenue	(109,780,987)	(33,394,075)	(21,242,885)	(164,417,947)
Gross profit	<u>11,580,675</u>	<u>6,769,935</u>	<u>5,657,901</u>	<u>24,008,511</u>

Since the Group's activities depend on manpower services and have no direct connection to the Group's assets and liabilities, therefore, it is not possible and impractical to disclose information pertaining to total assets and total liabilities pertaining to business segments.

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Unallocated income / (expenses)		
Gross profit	34,452,913	24,008,511
Selling and marketing expenses	(3,013,568)	(2,684,441)
General and administrative expenses	(7,846,411)	(6,516,608)
Impairment reversal / (loss) on trade receivables	169,837	(653,374)
Other income	759,404	566,932
Profit from operations before Zakat	24,522,175	14,721,020
Zakat expense	(2,365,750)	(1,783,996)
Profit for the period after Zakat	22,156,425	12,937,024

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
Notes to the Condensed consolidated interim financial statements
For the three-month period ended 31 March 2023
– (All amounts in Saudi Riyal unless otherwise stated)

7. Revenue

In the following tables, revenues are disaggregated by type of sector, customer and duration of contracts during the three months periods ended 31 March 2023 and 2022:

Type of Sector

	For the three month period ended 31 March	
	2023 (Unaudited)	2022 (Unaudited)
Corporate	192,306,786	121,361,662
Individuals	67,159,157	40,164,010
Hourly “Hemma”	34,408,493	26,900,786
	293,874,436	188,426,458

Type of customers

	For the three month period ended 31 March	
	2023 (Unaudited)	2022 (Unaudited)
Retail	101,567,650	67,064,796
Operation and Maintenance	23,152,455	22,684,181
Hospitality	24,846,955	26,222,515
Construction	94,382,350	26,739,406
Commercial and services	17,616,932	16,722,390
Healthcare	13,869,666	12,200,718
Manufacturing	11,249,257	9,685,728
Transportation	6,850,985	6,612,593
Other	338,186	494,131
	293,874,436	188,426,458

Duration of contracts

	For the three month period ended 31 March	
	2023 (Unaudited)	2022 (Unaudited)
More than 1 year	205,344,453	131,350,019
One year and less	88,529,983	57,076,439
	293,874,436	188,426,458

8. Cost of Revenue

	For the three month period ended 31 March	
	2023 (Unaudited)	2022 (Unaudited)
Employees` salaries and benefits	187,771,124	122,448,627
Government and other overhead	59,964,472	33,251,046
Depreciation on right of use assets	3,845,694	3,063,504
Utilities	1,370,612	1,092,465
Bank charges	1,090,781	822,463
Catering expenses	597,731	896,301
Accommodation	300,023	659,494
Depreciation and amortization	330,282	192,860
Finance cost on leases	367,815	236,536
Other operating expenses	3,782,989	1,754,651
	259,421,523	164,417,947

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
Notes to the Condensed consolidated interim financial statements
For the three-month period ended 31 March 2023
– (All amounts in Saudi Riyal unless otherwise stated)

9. Basic and diluted earnings per share

Basic and diluted earnings per share are computed by dividing the net profit for the period by the weighted average number of outstanding shares for the two periods ended 31 March 2023 and 2022, as follows:

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Net profit for the period	22,156,425	12,937,024
Weighted average number of shares (*)	15,000,000	15,000,000
Basic & diluted earnings per share from net income of the period	1.48	0.86

(*) Weighted average number of shares for the period ended 31 March 2022 has been modified to become 15,000,000 shares instead of 10,000,000 shares, as the increase in shares resulted from the distribution of bonus shares.

10. Employees' benefits liabilities

The Group operates a defined benefit plan in line with the Labor Law requirement in the Kingdom of Saudi Arabia.

The amounts paid at the end of service under the plan are calculated on the basis of the employees' last salaries and allowances and the number of their accumulated years of service as on the date of the end of their services, as outlined in the labor law in force in the Kingdom of Saudi Arabia.

Employees' end-of-service benefit plans are unfunded. Benefits payment liabilities are met when due.

The below table outlines the movement of employees' benefits liabilities during the period/ year ended 31 March 2023 and 31 December 2022:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period / year	25,602,457	27,584,798
Included in profit or loss		
Current service cost	2,423,656	7,460,156
Interest expense	231,728	614,034
Payments and settlements	(1,453,682)	(6,002,322)
Included in other comprehensive income		
Remeasurement losses / (gains)	1,134,077	(4,054,209)
Balance at end of period / year	27,938,236	25,602,457

11. Provision for Zakat

(a) The Group's consolidated Zakat liabilities consist of Zakat that has been calculated on the basis of the separate interim financial statements of each individual company.

(b) Provision for Zakat

The movement in Zakat provision is as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period / year	8,463,346	6,787,961
Prior period / year differences	-	8,097
Amounts paid during the period / year	-	(6,592,096)
Provision for the period / year	2,365,750	8,259,384
Balance at end of period / year	10,829,096	8,463,346

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11. Provision for zakat (Continued)

(c) Status of final assessments

The Company and its subsidiaries filed Zakat returns to the Zakat, Tax and Customs Authority "ZATCA", and obtained a Zakat certificate until the end of the fiscal year ended 31 December 2022.

During 2021, Al Mawarid Manpower Company received the final assessments for the years 2015 to 2018 with Zakat differences totaling SR 2,069,020. An amount of SR 994,329 has been approved and paid by the Company, and it objected to the rest of the claim. ZATCA accepted certain items for an amount of SR 502,467 and rejected the objection to other items for a total amount of SR 572,224, and accordingly the Group escalated the dispute to the General Secretariat of the Tax Committees ("GSTC").

On 5 June 2022, the hearing session set by the GSTC was attended by representatives of the Company and its tax advisor. The decision was issued at the end of the hearing session approving some of the escalation items and rejecting others. The official decisions were received on 25 July 2022, and the appeal memorandum was submitted to the Appeal Committee on 21 August 2022. The management is awaiting the hearing session, and the management believes that this dispute will not have a material impact on the Group. As at the date of issuance these condensed consolidated interim financial statements, the final assessment for the years ended 31 December 2019, 2020 and 2021 has not been received.

The necessary provisions have been calculated for the items mentioned in the aforementioned Zakat assessments and approved by the Company, for the years for which the Zakat assessment has not yet been made.

The subsidiary, Musanid Al Marafiq for Maintenance and Cleaning have received the final zakat assessment for the year 2018 with zakat differences of SR 72,780, and an amount of SR 2,182 was approved and paid, and the rest of the amount was objected to, but the objection was rejected by ZATCA. Therefore, The Company escalates the grievance against the ZATCA's decision to General Secretariat of Zakat, Tax and Customs Committees ("GSTC"). GSTC's decision was issued in support of ZATCA's assessment, based on the fact that the company did not submit the required documents, which is an incorrect reliance. An appeal was submitted to the decision, and the hearing session is awaited by GSTC. The Group's management believes that there will be no significant impact of this dispute on the Group. In 17 July 2022, the subsidiary has received the final zakat assessment for the year 2020 with a Zakat difference of SR 8,097, and the management approved and paid the amount. As of the date of issuance of these condensed consolidated interim financial statements, the final assessment for the year ended 31 December 2021 has not been received.

The subsidiary company, Sawaid Manpower Company has not received any Zakat assessment from ZATCA, knowing that the first Zakat return submitted by the subsidiary is for the year 2020.

12. Property and equipment

As at 31 March 2023, the total cost of property and equipment was SR 23,67 million (31 December 2022: SR 23,81 million), and the accumulated depreciation was SR 10,31 million (31 December 2022: SR 10,52 million).

As at 31 March 2023, the net value of property and equipment was 13,36 million (31 December 2022: SR 13,29 million).

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13. Used and unused visas and other non-current assets

The unused visas represent the value of the visas paid to ministry of labor and have not been used until the date of statement of financial position. And, The amounts of the visas are transferred to the used visas upon the arrival of the recruited manpower to the territory of the Kingdom of Saudi Arabia.

The movement of the visa balance during the period/ year is as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
At beginning of the period / year	29,140,000	27,784,000
Purchased visas during the period / year	16,322,000	46,930,000
Expired visas refunded during the period / year	(38,000)	(8,746,000)
Transferred to used visas during the period / year	(8,706,000)	(36,828,000)
Unused visas as at the end of the period / year (*)	36,718,000	29,140,000
Add: used visas balance - non-current portion (Note 15)	4,915,109	4,819,050
Less: unused visas balance - current portion (Note 15)	(14,235,000)	(11,564,000)
Used and unused visas as at the end of the period / year	27,398,109	22,395,050
Add: Recruitment fees – non-current portion	20,901,338	24,208,134
At end of the period / year	48,299,447	46,603,184

(*) The unused visas were analyzed as follows:

Unused visas - current portion	14,235,000	11,564,000
Unused visas - non-current portion	22,483,000	17,576,000

14. Trade receivables

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Trade receivables	171,365,893	159,456,663
Less: Allowance for expected credit losses	(28,559,740)	(28,810,042)
	142,806,153	130,646,621

The Group applies the simplified approach in IFRS 9 to measure the expected credit loss which uses a lifetime expected loss allowance for all trade receivables.

Movement in impairment of accounts receivable balances during the period / year is as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period / year	28,810,042	28,519,911
(Reversal) / provided during the period / year	(169,837)	2,408,253
Trade receivables written-off during the period / year	(80,465)	(2,118,122)
Balance at end of the period / year	28,559,740	28,810,042

Trade receivables are written-off when there is no reasonable expectation of recovery. Indications that there are no reasonable expectations of collection include, among other things, the debtor's failure to agree on a payment plan with the Group and the failure to make contractual payments.

The balance of trade receivables as at 31 March 2023 includes an amount of SR 20 million secured by bank guarantees, promissory notes and term cheques (31 December 2022: SR 20 million).

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15. Prepayments and other current assets

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Due from Zakat, Tax and custom Authority *	12,043,394	41,118,707
Residency and work permit fees	15,438,033	14,043,987
Recruitment fees – current portion	50,903,736	53,330,712
Unused visas - current portion (Note 13)	14,235,000	11,564,000
Advances to suppliers	9,600,997	9,562,258
Used visas - current portion **	11,911,589	11,498,802
Advances to employees	2,066,403	2,382,940
Prepaid other expenses	4,884,474	4,509,395
Other	4,152,958	3,621,306
	125,236,584	151,632,107
Less: impairment of other current assets ***	(1,118,294)	(1,118,294)
	124,118,290	150,513,813

(*) Due from Zakat, Tax and custom Authority

During the month of December 2020, the Zakat, Tax and Customs Authority (ZATCA) re-evaluated the VAT returns submitted by the company for the periods from May 2018 to December 2019 with a VAT difference of SR 21,955,089. The dispute mainly relates to recalculation of the ZATCA VAT on salaries and government fees for the workers outsourced their services to the Group's customers, in violation of the value-added tax regulations, the implementing regulations and the guideline for applying the VAT on employee benefits. The Group's management paid the total tax differences to benefit from the ZATCA's initiative to exempt from the fines that existed at that time, and submitted objections to all periods to the ZATCA with all evidence and support, and even correspondence with the ZATCA in particular, which supported the validity of the VAT returns submitted by the Group.

In March 2021, the Group received the ZATCA's decision to reject the objections submitted for the above-mentioned differences, so the Group's management took a decision to amend the VAT returns for the periods from January 2020 to February 2021 and pay the tax differences totaling SR 26,489,954, to take advantage of the initiative to exempt from fines in order to spare the Group any risks that may result when the dispute is finally resolved, noting that the Group paid fines for the months of December 2020 and January 2021, for being outside the scope of the ZATCA's initiative to exempt from fines, with a total amount of SR 325,918.

The Group filed a grievance against the ZATCA's decision with the General Secretariat of the Tax Committees (GSTC) and issued debit notes to its customers and related parties to VAT differences related to the workers seconded to them for all the periods referred to above for a total amount of SR 48,445,043 so that they can deduct the amounts that It belongs to them in their VAT returns, and the Group has also changed the method of calculating the VAT to include the salaries of seconded workers and any other items included in the invoices as of March 2021 until the dispute is finally settled and ZATCA is notified of that.

Certain clients have paid the VAT differences related to the labor they work for totaling SR 7,652,255, and others have requested to postpone the payment until the dispute is finally decided upon by the GSTC, relying on the validity of the invoices received from the Group for the mentioned periods and that they were correct in accordance with the VAT regulations, VAT implementing regulation and the VAT guides.

On October 28, 2021, the session set by the GSTC was attended by representatives of the Group and its tax advisor. After hearing both disputing parties, the GSTC's decision at the end of the session was in the interest of the Group, as the ZATCA's decision to reassessed the returns submitted by the Group was cancelled.

On 12 January, 1 February and 6 February of 2022, the company have been received formal decisions from GSTC for all cases filed before it (20 months). ZATCA appealed the GSTC's decisions.

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15. Prepayments and other current assets (continued)

(*) Due from Zakat, Tax and custom Authority (continued)

During December 2022, a notification was received from GSTC stating that ZATCA had abandoned all existing cases related to the Group and stopped continuing the appeal submitted by it in GSTC's decision issued in October 2021.

During January 2023, ZATCA began to cancel the reassessment of tax returns that previously conducted for the periods referred to above. ZATCA has amended certain returns and refunded an amount of SR 45.01 million to the Group's accounts, and the rest of the returns are being amended and their amounts will be refunded to the Group's accounts amounting to SR 3,7 million. The group issued credit notes in favor of customers to meet the debit notes previously issued to them as indicated above.

A related party and certain clients have stopped paying VAT calculated on workers' salaries and government fees as of March 2021, after adjusting the VAT calculation in VAT invoices as described above. Accordingly, the group calculated these differences from March 2021 to December 2022 and deducted them as part of the VAT return for February 2023 with a total amount of SR 14.03 million. The February 2023 VAT amount was deducted of SR 5.74 million, and the remaining amount of SR 8.29 million was received from ZATCA during April 2023.

Based on the foregoing, the tax dispute that existed between the Group and ZATCA has been completely resolved in favor of the Group.

(**) The movement of the used visas balance during the period/ year is as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period / year	16,317,852	12,051,614
Used visas transferred during the period / year	9,200,522	37,520,639
Amortization during the period / year	(8,691,676)	(33,254,401)
Balance at end of period / year	16,826,698	16,317,852
The used visas were analyzed as follows:		
Used visas - current portion	11,911,589	11,498,802
Used visas - non-current portion (Note 13)	4,915,109	4,819,050

(***) The movement in impairment of prepayments and other current assets during the period / year is as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period / year	1,118,294	1,110,899
Provided during the period/ year	-	922,216
Other current assets written off during the period /year	-	(914,821)
Balance at end of period / year	1,118,294	1,118,294

16. Transactions and balances with related parties

Related parties represent key management personnel, members of the board of directors, shareholders of the Group and their associates. Related parties also include business entities in which some members of the board of directors or key management personnel have an interest (other related parties).

Transactions with related parties and jointly controlled entities are carried out in accordance with the terms and conditions approved by the Group's management or the Board of Directors.

The following are the most significant transactions with related parties carried out by the Group for the three-month period ended 31 March 2023 and 2022:

a) Key management personnel compensation:

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Employees' salaries and other short-term benefits	2,302,011	1,945,871
Post-employment benefits	90,334	78,845
	2,392,345	2,024,716

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16. Transactions and balances with related parties (continued)

b) Board of Directors' remuneration and allowances

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Board remunerations	325,000	325,000
Allowances and compensations for members of board committees	241,250	18,000
	566,250	343,000

c) Business transactions with related parties

The following table presents amounts of business transactions that carried out with related parties during three months period ended 31 March 2023 and 2022.

Name of the related party	Nature of relationship	Nature of transactions	Amounts of transactions for the three months period ended 31 March	
			2023 (Unaudited)	2022 (Unaudited)
Mawaridkum Group Trading Company	Shareholder	Revenue against rendering labor services	8,697,371	15,130,936
		Cost of labor paid on behalf of shareholder	168,644	1,459,465
Al-Ayuni Investment and Contracting Company	Shareholder	Revenue against rendering labor services	32,751,166	10,276,424
		Cost of labor paid on behalf of shareholder	9,129,326	1,442,335
Khalda Group Trading Company	Shareholder	Revenue against rendering labor services	92,078	99,848
		Cost of labor paid on behalf of shareholder	6,988	-
		Project management fees to the shareholder	23,586	43,005
Other related parties	Entities under common control	Revenue against rendering labor services	2,920,069	2,920,861
		Cost of labor paid on behalf of shareholder	369,832	605,304

Transactions with related parties during the the period ended 31 March 2023 also include the amounts of the IPO costs, which the group paid on behalf of the shareholders, amounting to SR 1,08 million.

d) Related party balances

The following table presents the balances due from / to related parties as at 31 March 2023 and 31 December 2022.

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Due from related parties		
Mawaridkum Group Trading Company	25,410,702	38,985,848
Al-Ayuni Investment and Contracting Company	44,162,484	32,292,336
Khalda Group Trading Company	310,045	203,566
Other related parties	7,755,532	8,172,359
	77,638,763	79,654,109
Due to related parties		
Other related parties	44,683	40,180
	44,683	40,180

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17. Financial investments at fair value through profit or loss (FVTPL)

Financial investments at FVTPL represent investment in Al Rajhi Commodity Trading Fund and investment in the sukuk of Al-Rajhi Bank.

The movement in the investments in FVTPL during the period / year is as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period / year	4,027,500	30,387,909
Additions during the period / year	25,000,000	17,000,000
Disposal during the period / year	-	(43,507,522)
Net change in fair value during the period / year	48,812	147,113
Balance at end of period / year	29,076,312	4,027,500

Financial investments at FVTPL are presented in the condensed consolidated statement of financial position as follows:

Non-current portion	4,050,800	4,027,500
Current portion	25,025,512	-
	29,076,312	4,027,500

18. Cash and cash equivalents

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Cash at banks	75,409,326	55,299,660
Cash in hand	79,292	81,298
	75,488,618	55,380,958

19. Share capital

As at 31 March 2023, the Company's share capital consists of 15 million shares (31 December 2022: 15 million shares) with a nominal value of SR 10 each.

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20. Trade payables and other current liabilities

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Accrued vacations and air tickets	45,274,089	43,349,923
Accrued salaries and bonuses	47,467,991	43,309,023
Contract liabilities	33,864,074	26,956,130
Trade payables	6,124,259	10,975,265
Value Added Tax (VAT)	8,224,471	12,918,889
Commissions payable	1,497,357	1,390,719
Remunerations and allowances for members and committees of the Board of Directors	2,433,750	1,995,000
Accrued GOSI	1,983,174	1,816,691
Other	4,792,975	5,193,472
	151,662,140	147,905,112

Trade payables are unsecured and are normally paid within 30 days of recognition. The carrying value of trade payables and other current liabilities approximates their fair value, due to their short-term nature.

21. Contingent liabilities and Commitments

The employees' entitlements, which represent the obligation of employees' benefits and leave and travel tickets allowances, which are borne by some customers on behalf of the Group in accordance with the terms of the contracts entered into with them upon the expiry of the workers' contracts amounted to SR 54.9 million as at 31 March 2023 (31 December 2022: SR 46,2 million).

A commercial bank, under the facility agreement signed with it, has issued a guarantee letter on behalf of the Group in favor of the Ministry of Human Resources and Social Development, which is a guarantee letter to issue the Company's license in the amount of SR 10 million.

22. Risk management

The Group has exposure to the following risks arising from financial instruments:

- Market risk
- Credit risk;
- Liquidity risk

Risk management is carried out by the senior management under policies approved by the Board of Directors. Senior management identifies and evaluates, when appropriate, financial risks in close co-operation with the Group's operating units.

Financial assets and liabilities are offset and reported net in the condensed consolidated interim financial statements when the Group has a legally enforceable right to set off the recognized amounts and when the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Market risk

Market risk is the risk that changes in market prices such as selling prices of products, profit rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Currency risk

Currency risk is the risk that a financial instrument will fluctuate due to changes in foreign exchange rates. The Group transactions are primarily denominated in Saudi Riyals. The management believes that the currency risk is immaterial, as the exchange rate of the USD is fixed against the SAR, therefore, the currency exchange risk is immaterial.

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22. Risk management (continued)

Interest rate risk

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group manages interest rate risk by regularly monitoring the interest rate levels of its interest-bearing financial instruments. The Group is not exposed to significant interest sensitivity risk.

Credit risk

Credit risk is the risk that a party will not be able to meet its obligations to a financial instrument, causing financial losses to the other party. The Group does not believe that there are significant risks from balances due from related parties.

Financial assets that are subject to credit risk are limited to cash and cash equivalents, trade receivables and other current assets.

The cash and cash equivalents of the Group are deposited in public accounts with local banks with good credit ratings.

The Group only deals with high credit ratings financial institutions to limit the Group's exposure to credit risk.

The Group has put in place an approval process so that credit limits are applied to customers.

The management also continuously monitors exposure to credit risks towards customers and creates a provision against doubtful balances which is based on customer profile and previous payment dates. Existing customers' receivables are monitored on a regular basis.

As at 31 March 2023 and 31 December 2022, the exposure to credit risk for trade receivables is as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Trade receivables	171,365,893	159,456,663
Less: Allowance for expected credit losses	(28,559,740)	(28,810,042)
	142,806,153	130,646,621

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 March 2023 and 31 December 2022.

	Weighted- average loss rate	Total carrying value	Loss allowance
31 March 2023			
Current (not past due)	1.97%	104,255,431	2,053,832
1-30 days past due	3.45%	17,619,437	607,871
31-60 days past due	5.01%	4,321,687	216,517
61-90 days past due	6.82%	1,805,121	123,109
91-180 days past due	13.62%	3,627,404	494,052
181-360 days past due	30.62%	6,705,960	2,053,365
More than 360 days past due	61.76%	33,030,853	20,399,855
Specific loss allowance	-	-	2,611,139
		171,365,893	28,559,740

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22. Risk management (continued)

	Weighted- average loss rate	Total carrying value	Loss allowance
31 December 2022			
Current (not past due)	1.97%	101,241,870	1,994,465
1-30 days past due	3.45%	7,796,889	268,993
31-60 days past due	5.01%	3,351,839	167,927
61-90 days past due	6.82%	1,533,916	104,613
91-180 days past due	13.62%	5,390,437	734,178
181-360 days past due	30.62%	4,260,843	1,304,670
More than 360 days past due	61.76%	35,880,869	22,160,025
Specific loss allowance	-	-	2,075,171
		159,456,663	28,810,042

The total maximum exposure to credit risk in the Group as at the reporting date is as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Financial investments at FVTPL	29,076,312	4,027,500
Cash and cash equivalents	75,488,618	55,380,958
Due from related parties	77,638,763	79,654,109
Trade receivables	142,806,153	130,646,621
Prepayments and other current assets	119,233,816	146,004,418
	444,243,662	415,713,606

Commission rate risk

It is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows.

The Group's commission rate risk arises principally from loans and investments at fair value through profit or loss which are at floating commission rates and are subject to re-pricing on a regular basis. The management monitors these changes in commission rates.

The Group periodically analyzes the commission rate risk, taking into account any rescheduling of loans. It also calculates the financial impact on profits and losses by increasing/decreasing the commission rate by a certain percentage. This analysis is performed on liabilities that bear commission.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Liquidity risk may result from the inability to sell a financial asset quickly and for an amount close to its fair value.

Liquidity risk is managed by monitoring it periodically to ensure the availability of sufficient funds through available banking facilities to meet any future liabilities.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations as and when they fall due under normal and abnormal conditions without incurring unacceptable losses or risking damage to the Group's reputation.

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22. Risk management (continued)

For this purpose, the Group has maintained credit limits with various commercial banks in order to meet its liquidity requirements. As at 31 March 2023, the Group has an unused bank financing facility of SR 26 million (31 December 2022: SR 26 million) to manage short and long-term liquidity requirements.

The following are the contractual maturities of the remaining financial liabilities as at 31 March 2023 and 31 December 2022. These amounts are total and undiscounted and include contractual payments, excluding the effect of set-off agreements:

31 March 2023 (Unaudited)

Financial Liabilities	Carrying amount	Contractual cash flows			Total
		Less than 1 year	More than 1 year to 3 years	More than 3 years to 5 years	
Retained deposits	9,708,958	9,708,958	-	-	9,708,958
Trade payables and other current liabilities	151,662,140	151,662,140	-	-	151,662,140
Due to related parties	44,683	44,683	-	-	44,683
Lease liabilities	27,477,336	11,767,740	15,709,596	-	27,477,336
Recruitment agents guarantees	1,221,687	-	1,221,687	-	1,221,687
	190,114,804	173,183,521	16,931,283	-	190,114,804

31 December 2022 (Audited)

Financial Liabilities	Carrying amount	Contractual cash flows			Total
		Less than 1 year	More than 1 year to 3 years	More than 3 years to 5 years	
Retained deposits	7,014,634	7,014,634	-	-	7,014,634
Trade payables and other current liabilities	147,905,112	147,905,112	-	-	147,905,112
Due to related parties	40,180	40,180	-	-	40,180
Lease liabilities	20,828,828	10,670,935	10,157,893	-	20,828,828
Recruitment agents guarantees	1,178,329	-	1,178,329	-	1,178,329
	176,967,083	165,630,861	11,336,222	-	176,967,083

Fair value measurement of financial instruments

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date.

As the accompanying condensed consolidated interim financial statements have been prepared under the historical cost method, difference may arise between the book values and the fair value estimates.

The following table presents the Group's financial instruments measured at fair value at 31 March 2023 and 31 December 2022:

	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
31 March 2023 (Unaudited)				
Financial investments at FVTPL	29,076,312	-	-	29,076,312
31 December 2022 (Audited)				
Financial investments at FVTPL	4,027,500	-	-	4,027,500

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22. Risk management (continued)

Financial assets and liabilities which are not measured at fair value

Management believes that the fair value of the Group's financial assets and liabilities are not materially different from their carrying values.

Financial assets

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Financial assets at amortised cost:		
Trade receivables	171,365,893	159,456,663
Cash and cash equivalents	75,488,618	55,380,958
Total financial assets at amortized cost	246,854,511	214,837,621

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Financial Liabilities		
Financial liabilities at amortized cost:		
Retained deposits	9,708,958	7,014,634
Recruitment agents guarantees	1,221,687	1,178,329
Trade payables and other current liabilities	151,662,140	147,905,112
Lease liabilities	27,477,336	20,828,828
Total financial liabilities at amortized cost	190,070,121	176,926,903
Current portion of financial liabilities	173,138,838	165,590,681
Non-current portion of financial liabilities	16,931,283	11,336,222
Total Financial Liability	190,070,121	176,926,903

Capital management risk

When managing capital, the Group aims to ensure the Group's ability to continue as a going concern in order to be able to continue providing returns to shareholders and maintain a strong core capital to support the sustainable development of its business.

The Group manages its capital structure by monitoring returns on net assets and makes adjustments to them in light of changes that arise from economic conditions.

For the purpose of maintaining or adjusting the capital structure, the Group may adjust the amount of dividends paid to shareholders or may issue new shares.

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Total liabilities	228,882,136	211,032,886
Less: cash and cash equivalents	(75,488,618)	(55,380,958)
Adjusted net debt	153,393,518	155,651,928
Total equity	314,088,050	293,065,702
Adjusted net debt ratio from equity	0.49	0.53

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
Notes to the Condensed consolidated interim financial statements
For the three-month period ended 31 March 2023
(All amounts in Saudi Riyal unless otherwise stated)

23. Significant events

- **Offering Group's shares**

The General Assembly, in its meeting held on 30 May 2022, agreed to offer 30% of the Group's shares in an initial public offering by submitting a request for registration and offering of securities with the Capital Market Authority and a request for listing with the Saudi Stock Exchange Company (Tadawul).

On 5 July 2022, the Group's prospectus was uploaded to CMA and Tadawul portals.

On 26 December 2022, the Board of the Capital Market Authority decided to approve the Group's request to register the Group's shares and offer 4,5 million shares for public subscription in the principal market, representing 30% of the total shares of the Group. The prospectus will be published in sufficient time before the subscription commencement date. It also indicated that its approval of the request is considered valid for a period of 6 months from the date of CMA's Board decision (i.e, up to 25 June 2023), and the approval is considered void if the offering and listing of the Group's shares are not completed within this period.

- **The new Companies Law**

The new Companies Law issued by Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred to "The Law") entered into force on 26/6/1444H (corresponding to 19 January 2023). For certain provisions of the law, full compliance with them is expected no later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is currently evaluating the impact of the new Companies Law and amending the Company's by-laws for any changes to align the Articles with the provisions of the law (if any). Thereafter, the Company shall present its by-laws to the shareholders in the extraordinary/annual general assembly meeting for their ratification.

24. Subsequent events

- The General Assembly, in its meeting held on 2 April 2023, approved to pay cash dividends to the shareholders as a first payment for the year ended 31 December 2022 in the amount of SR 15 million, representing SR 1 per share due to the shareholders registered with the group on the date of the assembly, and it was paid in full in April 2023.
- Other than the above, the Group's management believes that there have been no material subsequent events.

25. Approval of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements have been approved for issuance by the Board of Directors on 18 May 2023 (corresponding to 28 Shawwal 1444H).