

# Maharah Human Resources Company

Q3 2021 Earning call

*Resilience and excellence to grow*

شركة مهارة للموارد البشرية  
Maharah Human Resources Company

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# Company Overview



## Main activities of the company

To act as intermediary in recruiting manpower and providing the public and private sectors with household services and manpower that meet the needs of Saudi human resources market in the Corporate and Household sectors.

Maharah Human Resources Company is a Saudi joint stock company. The company capital is SR 375 MM Saudi Riyals paid in full and divided into 37.5 million ordinary shares with a value of 10 Saudi Riyals per share.



## Vision

Leading the human resources sector by providing comprehensive and integrated solutions that ensure our clients success, protect employees' rights and support the national development



## Mission

We are working on providing innovative human resources solutions and services to our customers through institutionalized system, superior IT and strategic partnerships that serve our employees, customers and community

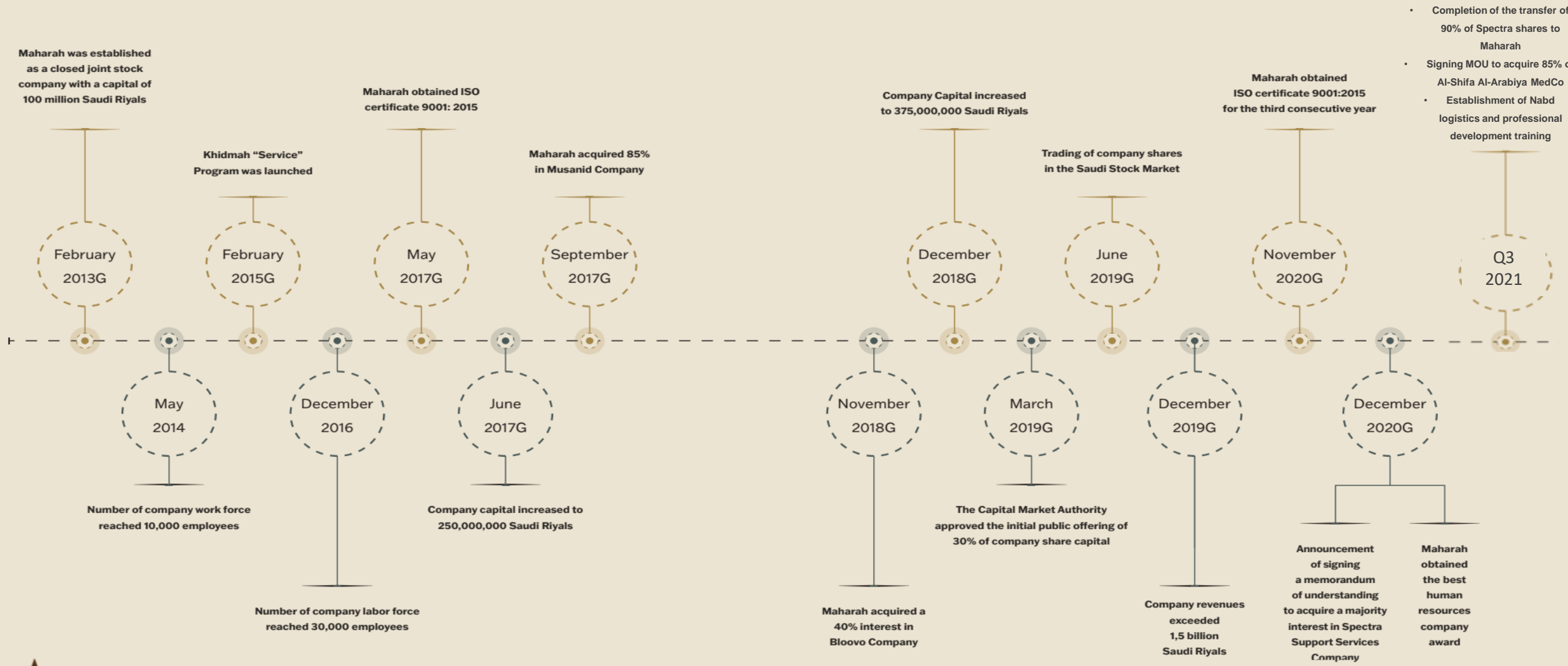


## Values

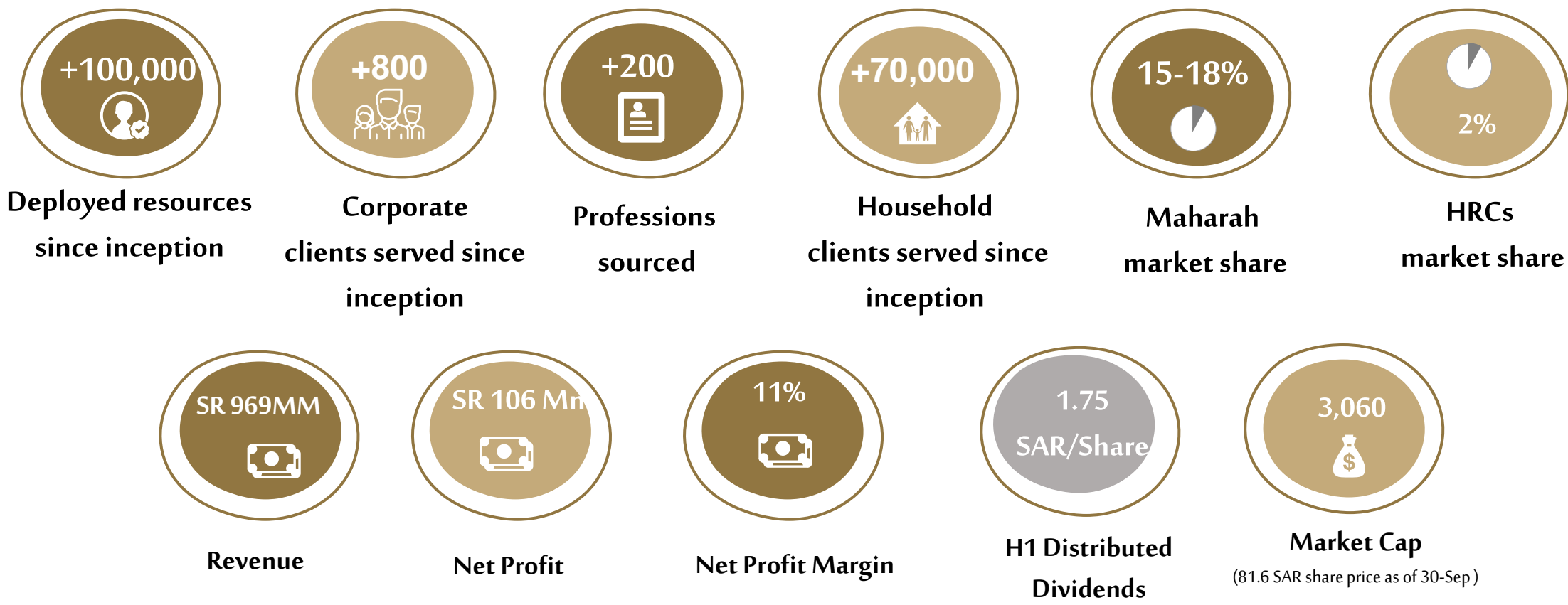
- Innovation and Excellence
- Integrity and Transparency
- Quality and Perfection
- Teamwork Spirit
- Customer Centricity



# Sustainable Success Journey



# Maharah at Glance





## Financial Performance

- **Revenue:** The corporate segment revenue increased by 2% while there was a slight decrease in the individual segment revenue Q3 Vs Q2 2021.
- **Gains:** Spectra acquisition transaction resulted in an increase of SAR 11 million added to the parent company shareholders equity.
- Reversal of SAR 3.4 Mn of doubtful debt expense in accordance with the ECL model due to enhance the collection.
- Income from Financial investments under DPM.

## Operational Excellence

- Maintaining the average number of resources during the current quarter.
- Attracting new workforce from new different countries
- Retention percentage of the workforce reached 60% in business sector .
- Targeting new professions and new demanded services for household.
- Initiation of ISNAD for Saudi nationals and utilization of hiring portals.

## Other Key achievements

- Turn around in subsidiary and affiliate performance.
- Establishment of Nabd logistics company as vertical expansion for labor intensive industries.
- Establishment of Professional Training Company to be the training hub of our workforce and external customer.
- Acquisition of Al-Shifaa Al-Arabiya.
- Accelerate the digital project for positive and better efficiencies



# Key Challenges

## Sales & Operation

- An Increase in cost related to social distancing and accommodation in compliance to regulators for the precautionary measures
- An Increase in operational cost due to increase in the expat levy and & recruitment costs.
- An Increase in travel tickets fees, cost related to the Institutional quarantines and recruitment costs.
- Impact in individual sectors due to the summer season and lifting traveling band.

## Arrivals

- Continued onboarding challenges due to restrictions on International flights and the suspension for more than 20 countries.
- Changeable travel rules and regulations including temporary banning deployment of workers from some sourcing countries.
- The necessary use of intermediary countries in the event of recruitment from suspended countries.

## Other Challenges

- Lack of certain professions such as nursing due to increase in global demand.
- Initiatives related to the reforming of the contractual framework.
- Supply challenges to meet increase in demand in all sectors.





# Positive outlook towards Q4 2021 and 2022.



- New revenue streams from Spectra Support Services
- Establishment of (Nabid & Isnad) including mother company Growth Avenue Company
- Substantial improvement in TPH revenues
- Synergies between subsidiaries and new revenue streams.
- Implementation of digitization strategy and enhancement of efficiencies.
- Expanding in healthcare and logistics services.
- Continued onboarding due to opening of International flights.
- Healthcare demand and exploring nursing professions.
- Strong financial position and clear strategy plan through non-organic growth (M&A)
- Capturing new opportunities through governmental regulation changes.



# Spectra Acquisition

90% Acquisition of Spectra with net asset value of SAR 31.1M and SAR 17.1M paid by receivables settlement



The transaction was treated as pooling of interest which resulted in an increase of SAR 11M in retained earnings attributed to Maharah

Settlement agreement where selling parties have agreed to waive the full transaction considerations in exchange of Maharah agreement to capitalize





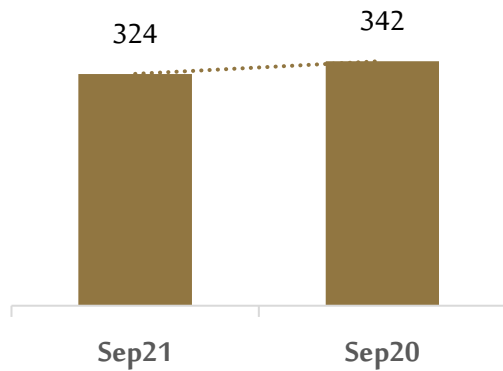
# Q3-2021 Financial Performance



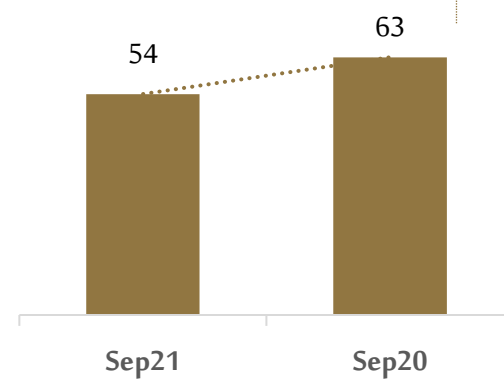
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للموارد البشرية  
Maharah Human  
Resources Company**

# Financial highlights for Q3 2021 – Income Statement

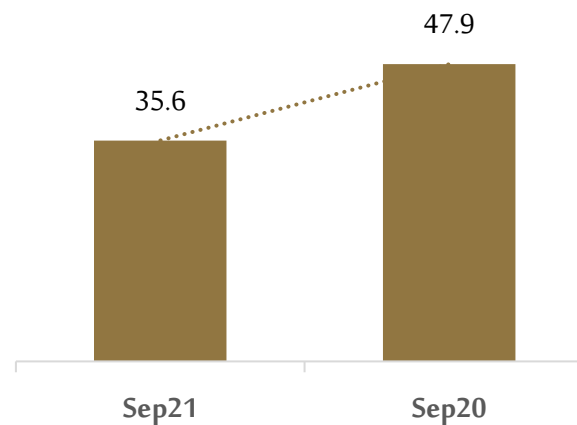
## Revenue



## Gross Profit



## Net Income

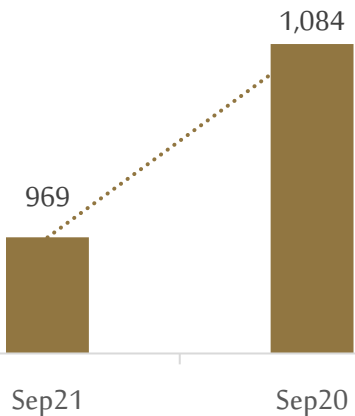


Million SAR	Q3 Sep-21	Q3 Sep-20	%
Revenue	324,833	342,069	(5%)
Cost of Revenue	(279,804)	(279,277)	(3%)
Gross Profit	54,029	62,792	(14%)
G&A Expenses	(14,881)	(15,474)	(4%)
Marketing Expenses	(2,413)	(1,436)	68%
Provision for Doubtful debt	(737)	1,589	(146%)
Income From Main Operations	35,998	47,470	(24%)
Other Income	1,841	1,741	6%
Share in net loss of an associate	1,055	114	823%
Financial Cost	0	0	NA
Net gain on equity investments at FVTPL	283	841	(66%)
Income before Zakat	39,177	50,166	(22%)
Zakat	(3,575)	(2,167)	65%
Net Income (for the period)	35,602	47,999	(26%)
Non-Controlling Interests	(24)	(114)	
Net Income to Parent Company	35,626	48,113	(26%)
Gross Margin %	17%	18%	
Operating Margin %	11%	14%	
Net Margin %	11%	14%	

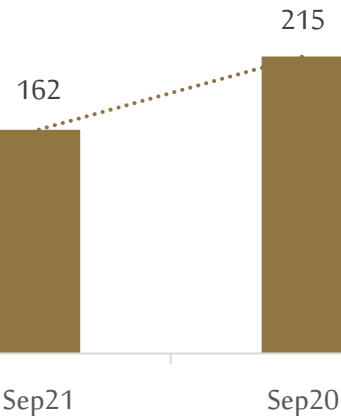
# Financial highlights YTD – Income Statement

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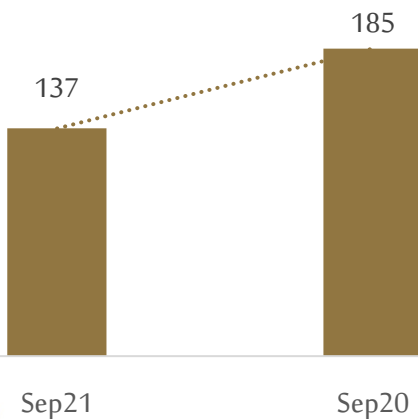
## Revenue



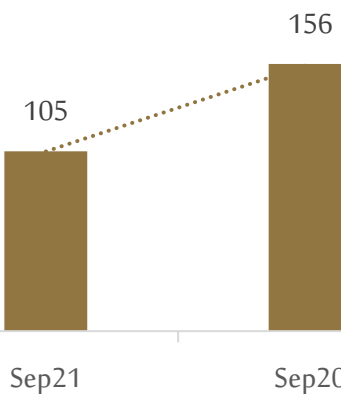
## Gross Profit



## EBITDA



## Net Income



Million SAR	Sep-21	Sep-20	%
Revenue	969,062	1,084,312	(11%)
Cost of Revenue	(806,429)	(868,601)	(7%)
Gross Profit	162,633	215,712	(25%)

G&A Expenses	(46,491)	(46,164)	1%
Marketing Expenses	(6,774)	(5,884)	15%
Provision for Doubtful debt	3,421	(1,985)	(272%)
Income From Main Operations	112,789	161,680	(30%)

Other Income	5,233	4,205	24%
Share in net loss of an associate	1,359	449	203%
Financial Cost	(1,929)	0	NA
Net gain on equity investments at FVTPL	(813)	168	(586%)
Income before Zakat	116,639	166,501	(30%)

Zakat	(11,404)	(9,910)	15%
Net Income (for the period)	105,236	156,591	(33%)

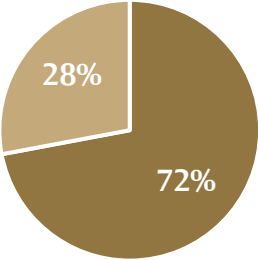
Non-Controlling Interests	(421)	1,802	
Net Income to Parent Company	105,657	154,789	(32%)
Gross Margin %	17%	20%	
Operating Margin %	12%	15%	
Net Margin %	11%	14%	

Numbers in 000

# Revenue Breakdown

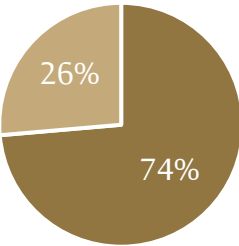
## Segmental Breakdown

Sep-21



■ Corporate ■ Individual

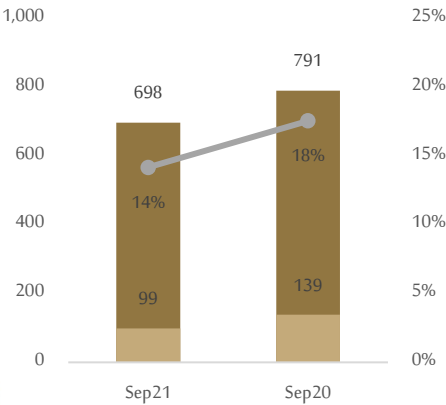
Sep-20



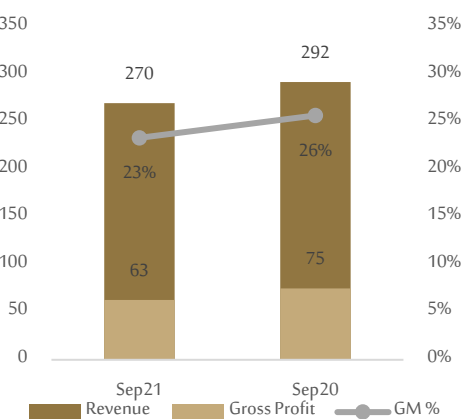
■ Corporate ■ Individual

## Revenue Vs Gross Profit

Corporate

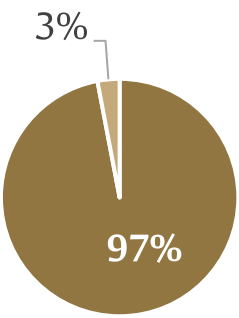


Individual



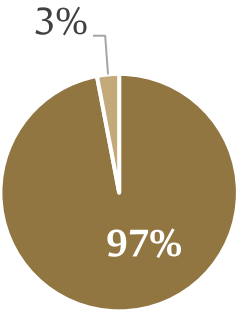
## Geographical Breakdown

Sep-21



■ KSA ■ UAE

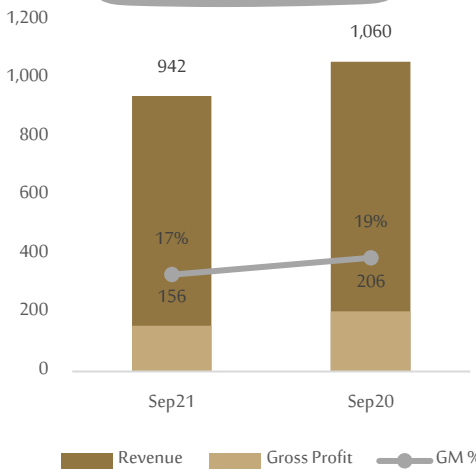
Sep-20



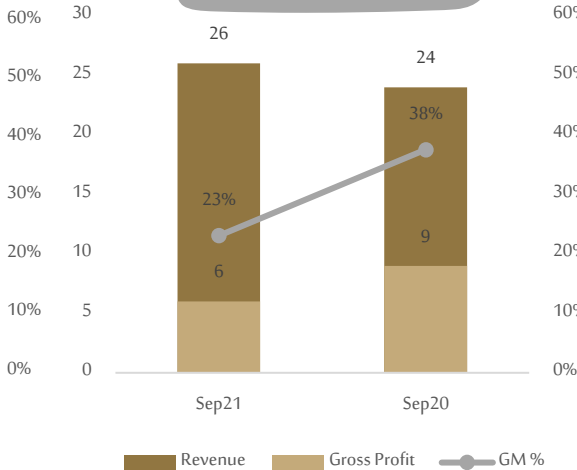
■ KSA ■ UAE

## Revenue Vs Gross Profit

KSA



UAE



# Statement of Financial Position – Balance Sheet

	Sep 2021	Dec 2020
Current Assets	609,168	769,020
Non-Current Assets	384,232	256,990
<b>Total Assets</b>	<b>993,400</b>	<b>1,026,009</b>
Current Liabilities	367,579	389,432
Non-Current Liabilities	95,661	81,048
<b>Total liabilities</b>	<b>463,241</b>	<b>470,480</b>
Equity	530,982	559,056
Minority interests	(823)	(3,527)
<b>Total liabilities &amp; Equity</b>	<b>993,400</b>	<b>1,026,009</b>

Cash Ratio		
▽	Sep-21	Dec-20
(60%)	0.33	0.82

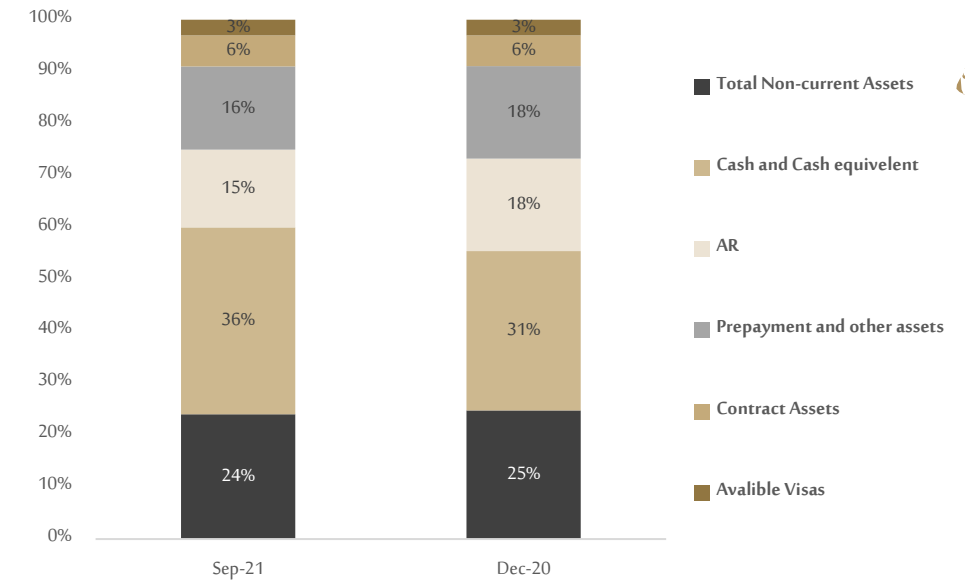
Days Payable Outstanding		
	Sep-21	Dec-20
	62	62

Current Ratio		
▽	Sep-21	Dec-20
(16%)	1.66	1.97

ROE		
▽	Sep-21	Dec-20
(25%)	24%	32%

Working Capital (MM SAR)		
▽	Sep-21	Dec-20
(36%)	241	379.5

Operating Cash Flow (MM SAR)		
	Sep-21	Dec-20
	50%	135%



Retained Earnings	
Beginning Balance – Dec 20	125,990
Dividends Distribution	(140,625)
Net Income 2021	105,657
Pooling of interest (Spectra)	10,993
<b>Retained Earnings – Sepr-21</b>	<b>102,015</b>





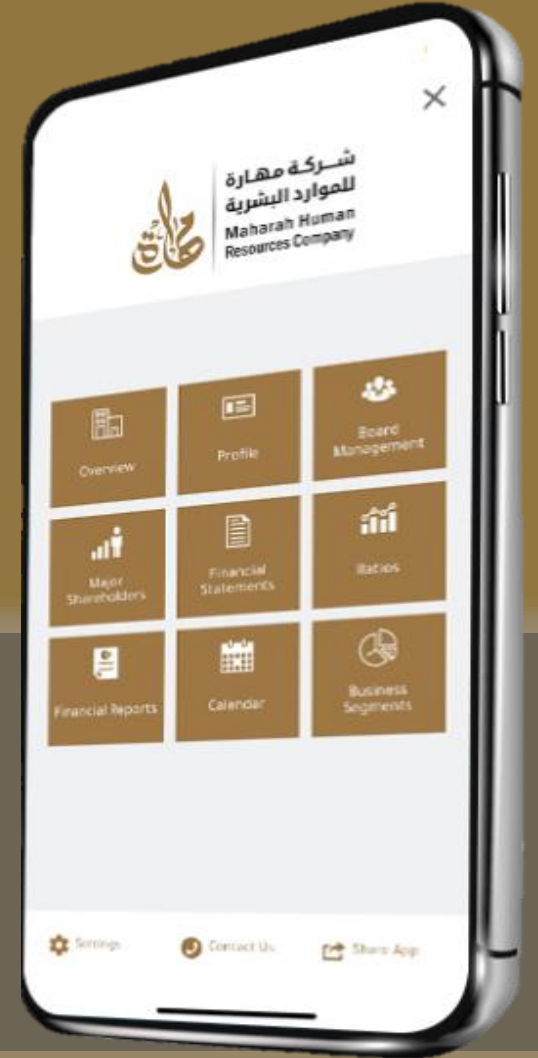
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**App Store**



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**Google™ play**





Q&A



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Thank You

