

**MAHARAH FOR HUMAN RESOURCES COMPANY**  
A SAUDI JOINT STOCK COMPANY

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023  
AND INDEPENDENT AUDITOR'S REPORT**

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Consolidated Financial Statements and Independent Auditor's Report for the year ended December 31, 2023

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## INDEPENDENT AUDITOR'S REPORT

To the Esteemed Shareholders  
Maharah For Human Resources Company  
(Saudi Joint Stock Company)

Riyadh - Kingdom of Saudi Arabia

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of **Maharah For Human Resources Company** "the Company" and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and the accompanying notes to the consolidated financial statements including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

#### Basis for Opinion

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

**Independent auditor's report on the audit of the consolidated financial statements of Maharah Human Resources Company (A Saudi joint stock company) for the year ending December 31, 2023 (continued)**

**Key Audit Matters**

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

<b>Revenue from contracts with customers</b>	
<b>Key Audit Matter</b>	<b>How we addressed the key matter in our audit</b>
<p>The Group's net revenue for the year ended December 31, 2023 amounted to SAR 1,890 million (SAR 1,684 million for the year ended December 31, 2022)</p> <p>Management recognizes revenues from workforce services over a period of time based on when performance obligations are met in accordance with agreements concluded with customers, and this depends on the appropriate evaluation of the contracts in question to assess whether the measurement criteria for revenue recognition are met in accordance with the principles of the International Financial Reporting Standard. No. 15 "Revenues from contracts with customers".</p> <p>We considered revenues to be a key matter for the audit, as they are considered an important item in the consolidated financial statements and are one of the group's key performance indicators that create inherent risks related to revenue recognition. Also, calculating revenues from contracts with customers requires management to use Significant assumptions.</p>	<p>We have performed the following procedures to audit the revenue from contracts with customers:</p> <ul style="list-style-type: none"> <li>- Evaluate the group's policy for revenue recognition in accordance with the International Financial Reporting Standard (15) "Revenue "from Contracts ;with Customers;</li> <li>- Evaluate the design, implementation, and key control activities of the group related to revenue recognition;</li> <li>- Test a sample of revenue transactions that occurred during the year and verify supporting documents including contracts and invoices supporting those ;transactions;</li> <li>- Test a sample of revenue transactions that occurred before and after the end of the year, as well as test a sample of post-year-end revenue credit notes to assess whether revenue has been recognized in the correct accounting period;</li> <li>- Auditing the disclosures included in the accompanying consolidated financial statements regarding revenue from contracts with customers.</li> </ul>
<p>For more details, please refer to Note No. (5-BB) of the consolidated financial statements regarding the accounting policy, Note No. (3) regarding the disclosure of significant accounting estimates and judgments, and Note No. (28) regarding disclosures related to revenues from contracts with customers.</p>	

**Independent auditor's report on the audit of the consolidated financial statements of Maharah Human Resources Company (A Saudi joint stock company) for the year ending December 31, 2023 (continued)**

**Key audit matters (continued)**

<b>Investments in associate companies - Purchase price allocation</b>	
<b>Key Audit Matter</b>	<b>How we addressed the key matter in our audit</b>
<p>During the year 2022, the group acquired ownership Shares in three associate companies as follows:</p> <ul style="list-style-type: none"> <li>- Saudi Medical Systems Company with 40% ownership and an acquisition cost of 427 million Saudi Riyals</li> <li>- Care Shield Holding Company with a 41.36% ownership and an acquisition cost of 307 million Saudi Riyals</li> <li>- Silias Trading &amp; Marketing Company with a 20% ownership and an acquisition cost of 3.75 million Saudi Riyals</li> </ul> <p>The carrying value of these investments in associate companies as of December 31, 2023, was 786 million Saudi Riyals (2022: 753 million Saudi Riyals)</p> <p>According to the requirements of International Accounting Standard 28, the investment in an associate is initially recognized at cost and the carrying amount is adjusted to recognize the investor's share of the profit or loss of the investee after the date of acquisition</p> <p>Upon acquisition, the investor must determine the fair value of its interest in the investee's identifiable assets and liabilities and account for any difference between the cost of the investment and the investor's share of the fair value of the investee's identifiable assets and liabilities. The acquisition process requires the identification of several key matters including the date of acquisition significant influence, factors indicating the presence of significant influence, purchase price allocation, evaluation of the acquired assets and liabilities at fair value as of the acquisition date, fair value of transferred consideration, and goodwill.</p> <p>We considered this a key audit matter due to its significant impact on the financial statements and the judgments and estimates used by management in applying acquisition accounting.</p>	<p>We performed the following procedures to audit the investments in associates' companies - purchase price: allocation.</p> <ul style="list-style-type: none"> <li>- We audited purchase agreements to understand the investment terms and assess the group's significant influence over the investee companies;</li> <li>- We audited management's assessment to determine the acquisition date of the associates' companies in accordance with International Accounting Standard 28 requirements and based on their date of acquisition significant influence over the investee through representation on the boards of the investee companies or participation in policy-making processes or the date of transfer of the consideration due;</li> <li>- We obtained the financial statements of the investee companies as of the acquisition date to verify the accuracy of the share in net assets calculation and purchase price allocation as of the acquisition date;</li> <li>- We obtained a purchase price allocation report conducted by an independent expert and engaged specialized valuation experts to assess the appropriateness of the methodologies and assumptions; used in the report;</li> <li>- We obtained fair value assessment reports for specific assets conducted by independent appraisers and engaged specialized valuation experts to assess the appropriateness of the methodologies and assumptions; used in the report;</li> <li>- We obtained the audited financial statements of the associates companies as of December 31, 2022, and December 31, 2023, to verify the management's calculation of the group's share in profits from the date of acquisition Also, to verify the adjustment necessary to the group's share in the associates' companies as a result of allocating the purchase price to the group's share in the net assets acquired retroactively;</li> <li>- We audited the disclosures included in the consolidated financial statements attached regarding investments in associates' companies.</li> </ul>
<p>For more details, please refer to Note No. (5-O) of the consolidated financial statements regarding the accounting policy, Note No. (3) regarding the disclosure of significant accounting estimates and judgments, and Note No. (19) regarding disclosures related to investments in associates.</p>	



**Independent auditor's report on the audit of the consolidated financial statements of Maharah Human Resources Company (A Saudi joint stock company) for the year ending December 31, 2023 (continued)**

**Key audit matters (continued)**

<b>Employee benefit obligations</b>	
<b>Key Audit Matter</b>	<b>How we addressed the key matter in our audit</b>
<p>The balance of employees defined benefit liabilities for as of December 31, 2023, amounted to 95 million Saudi riyals, which represents 8% of the group's total liabilities. Employee defined benefit liabilities are determined using the projected credit unit method. The Group has engaged an independent actuary to assist it in calculating employee defined benefit liabilities. The basic assumptions applied in the actuarial evaluation included discount rates, future salary increases, mortality rates, resignation rates, and retirement ages.</p> <p>We considered the identification and calculation of employee defined benefit liabilities to be a key audit matter due to the high degree of assessment of uncertainty involved in determining the liabilities.</p>	<p>We performed the following procedures to audit employee defined benefit liabilities:</p> <ul style="list-style-type: none"> <li>• Obtain a comprehensive understanding of management's valuation procedures, including key estimates and assumptions and assign an independent actuary to calculate employee defined benefit liabilities;</li> <li>• Testing various data entry, including testing the completeness of the sample population, selecting samples to match salary details with human resources records, and evaluating the controls for information technology applications to evaluate the effectiveness of controls when calculating defined benefit program liabilities;</li> <li>• Evaluating the competence, independence and objectivity of the actuary;</li> <li>• Engage our specialist to evaluate the reasonableness of key assumptions used in valuing liabilities related to defined benefit programs, including the discount rate, rates of future salary increase, mortality rates, resignation rates and retirement ages. The reasonableness assessment includes measuring the key assumptions used against available market data, and;</li> <li>• Evaluating the adequacy of the disclosures made by the group in the notes to the consolidated financial statements.</li> </ul>
<p>For more details, please refer to Note No. (5-R) to the consolidated financial statements regarding accounting policy, Note No. (3) regarding disclosure of significant accounting estimates and judgments, and Note No. (24) regarding disclosures related to defined benefit liabilities for employees.</p>	

**Other matter**

The consolidated financial statements of the group for the year ended December 31, 2022, were audited by another auditor, who expressed an unmodified opinion on those statements as of March 6, 2023

**Other information**

The other information consists of the information included in the group's annual report for the year 2023 excluding the consolidated financial statements and the auditor's report thereon. Management is responsible for the other information included in its annual report.

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

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

**Independent auditor's report on the audit of the consolidated financial statements of Maharah Human Resources Company (A Saudi joint stock company) for the year ending December 31, 2023 (continued)**

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, especially the Audit Committee and the Board of Directors, are responsible for overseeing the Group's financial reporting process.

**Auditor's responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**Independent auditor's report on the audit of the consolidated financial statements of Maharah Human Resources Company (A Saudi joint stock company) for the year ending December 31, 2023 (continued)**

**Auditor's responsibilities for the Audit of the Consolidated Financial Statements (continued)**

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

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

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

**For Dr. Mohamed Al-Amri & Co.**

Gihad Al-Amri  
Certified Public Accountant  
Registration No. 362



Riyadh, on: 25 Ramadan 1445 H  
Corresponding to: 4 April 2024 G



**MAHARAH FOR HUMAN RESOURCES COMPANY**

(Saudi Joint Stock Company)

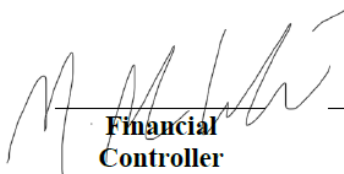
**Consolidated Statement of Financial Position****As at December 31, 2023**

(in Saudi Riyals)

	Note	2023	2022 Restated Note 42
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	78,978,507	83,573,675
Murabaha term deposits	7	10,000,000	-
Trade receivables	8	269,280,216	243,976,861
Contract assets	9	96,702,957	104,501,426
Prepaid expenses and other current assets	10	159,740,300	219,240,988
Available visas	11	33,064,000	24,856,000
<b>Total current assets</b>		<b>647,765,980</b>	<b>676,148,950</b>
<b>Non-current assets</b>			
Property and equipment	13	126,991,890	125,535,761
Right-of-use assets	17	48,977,522	43,024,421
Intangible assets	15	6,085,345	7,872,996
Investment properties	14	37,295,810	37,799,578
Financial assets at fair value through profit or loss	16	70,283,710	25,099,306
Financial assets at fair value through other comprehensive income	18	11,496,186	13,985,656
Investment in associate companies	19	785,585,868	753,064,575
Recruitment costs and visas used - the current portion	10	12,858,898	26,070,772
<b>Total non-current assets</b>		<b>1,099,575,229</b>	<b>1,032,453,065</b>
<b>Total assets</b>		<b>1,747,341,209</b>	<b>1,708,602,015</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Long-term loans - current portion	23	18,130,437	-
Trade payables and amounts due and other current liabilities	20	281,287,722	223,901,524
Contract liabilities	9	102,008,410	134,013,235
Retained deposits	21	95,534,191	99,141,138
Zakat provision	22	14,345,688	15,745,030
<b>Total current liabilities</b>		<b>511,306,448</b>	<b>472,800,927</b>
<b>Non-current liabilities</b>			
Long-term loans – non-current portion	23	544,477,273	562,607,710
Employee benefit liabilities	24	95,227,910	83,877,102
Lease liabilities	17	29,725,167	31,219,113
<b>Total non-current liabilities</b>		<b>669,430,350</b>	<b>677,703,925</b>
<b>Total Liabilities</b>		<b>1,180,736,798</b>	<b>1,150,504,852</b>

**MAHARAH FOR HUMAN RESOURCES COMPANY**  
(Saudi Joint Stock Company)  
**Consolidated Statement of Financial Position (continued)**  
**As at December 31, 2023**  
(in Saudi Riyals)

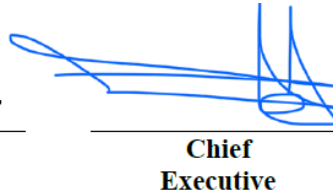
	Not e	2023	2022 Restated Note 42
<b>Equity</b>			
Capital	25	<b>475,000,000</b>	375,000,000
Statutory reserve	26	<b>103,056,265</b>	93,351,472
Other reserves	26	<b>(20,619,811)</b>	(16,540,248)
Treasury shares	25	<b>(25,000,000)</b>	-
Retained Earnings		<b>36,874,933</b>	107,031,800
<b>Equity attributable to the Shareholders of the Parent Company</b>		<b>569,311,387</b>	558,843,024
Non-controlling interest	1	<b>(2,706,976)</b>	(745,861)
<b>Total Equity</b>		<b>566,604,411</b>	558,097,163
<b>Total Liabilities and Equity</b>		<b>1,747,341,209</b>	1,708,602,015




**Financial  
Controller**



**VP – Finance**



**Chief  
Executive**



**Chairman of  
the Board**

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

**MAHARAH FOR HUMAN RESOURCES COMPANY**

(Saudi Joint Stock Company)

**Consolidated Statement of Profit or Loss****For the year ended December 31, 2023**

(in Saudi Riyals)

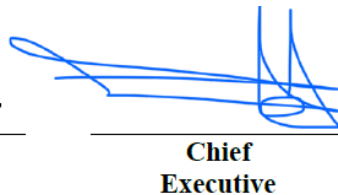
	Note	2023	2022 Restated Note 42
<i>Revenues</i>	28	<b>1,890,018,520</b>	1,683,594,673
<i>Cost of revenues</i>	29	<b>(1,654,309,837)</b>	(1,454,375,956)
<b>Gross profit</b>		<b>235,708,683</b>	229,218,717
General and administrative expenses	30	<b>(95,767,750)</b>	(98,501,066)
Selling and marketing expenses	31	<b>(16,855,034)</b>	(14,142,876)
Expected credit losses expense	10,9,8	<b>(27,723,068)</b>	(8,372,219)
<b>Operating profit</b>		<b>95,362,831</b>	108,202,556
Financing costs	32	<b>(44,181,690)</b>	(10,551,899)
Other income	33	<b>16,261,498</b>	9,023,990
Goodwill impairment loss	15	<b>(1,956,071)</b>	-
Share in results of associates	19	<b>38,677,554</b>	15,877,594
Net gain on financial assets at FVTPL	16	<b>840,895</b>	3,160,719
<b>Profit before zakat</b>		<b>105,005,017</b>	125,712,960
<b>Zakat</b>	22	<b>(9,945,941)</b>	(14,739,039)
<b>Profit of the year</b>		<b>95,059,076</b>	110,973,921
<b>Profit for the year attributable to:</b>			
Shareholders of the Parent Company		<b>97,047,926</b>	113,462,364
Non-controlling interests		<b>(1,988,850)</b>	(2,488,443)
		<b>95,059,076</b>	110,973,921
<b>Basic and diluted earnings per share</b>			
Net profit for the year per share attributable to Shareholders of the Parent Company	34	<b>2.16</b>	2.52



**Financial  
Controller**



**VP – Finance**







**Chief  
Executive**



**Chairman of  
the Board**

**MAHARAH FOR HUMAN RESOURCES COMPANY**  
(Saudi Joint Stock Company)  
**Consolidated Statement of Profit or Loss (continued)**  
**For the year ended December 31, 2023**  
(in Saudi Riyals)

	Note	<b>2023</b>	2022 Restated Note 42
<b>Profit of the year</b>		<b>95,059,076</b>	110,973,921
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Re-measurements of employees' defined benefits obligation	24	<b>(3,161,652)</b>	(4,843,415)
Share in other comprehensive income of associates	19	<b>1,599,294</b>	(361,713)
Change in fair value of financial assets at FVTOCI	18	<b>(2,489,470)</b>	-
<b>Total other comprehensive income for the year</b>		<b>(4,051,828)</b>	(5,205,128)
<b>Total comprehensive income for the year</b>		<b>91,007,248</b>	105,768,793
<b>Total comprehensive income attributable to:</b>			
Shareholders in the parent company		<b>92,968,363</b>	108,279,277
Non-controlling interest		<b>(1,961,115)</b>	(2,510,484)
		<b>91,007,248</b>	105,768,793

			
<b>Financial Controller</b>	<b>VP – Finance</b>	<b>Chief Executive</b>	<b>Chairman of the Board</b>

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



# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Consolidated Statement of Changes in Equity


For the year ended December 31, 2023

(in Saudi Riyals)

	Capital	Statutory reserve	Other reserves	Treasury Shares	Retained Earnings	Total	Non-controlling interests	Total Equity
<u>For the year ended December 31, 2022</u> Restated (Note 42)								
Balance at January 2022 ,1	375,000,000	82,005,236	(11,357,161)	-	126,790,672	572,438,747	(1,486,891)	570,951,856
Profit of the year	-	-	-	-	113,462,364	113,462,364	(2,488,443)	110,973,921
Other comprehensive loss for the year	-	-	(5,183,087)	-	-	(5,183,087)	(22,041)	(5,205,128)
Total comprehensive income for the year	-	-	(5,183,087)	-	113,462,364	108,279,277	(2,510,484)	105,768,793
Transferred to statutory reserve	-	11,346,236	-	-	(11,346,236)	-	-	-
Movement on non-controlling interests	-	-	-	-	-	-	3,251,514	3,251,514
Dividends (Note 27)	-	-	-	-	(121,875,000)	(121,875,000)	-	(121,875,000)
Balance as at December 2022 ,31	375,000,000	93,351,472	(16,540,248)	-	107,031,800	558,843,024	(745,861)	558,097,163
<u>For the year ended December ,31 :2023</u>								
Balance at January 1, 2023	375,000,000	97,416,675	(16,924,184)	-	143,618,633	599,111,124	(745,861)	598,365,263
Effect of the Restatement on comparative information (Note 42)	-	(4,065,203)	383,936	-	(36,586,833)	(40,268,100)	-	(40,268,100)
Balance at January 2023 ,1	375,000,000	93,351,472	(16,540,248)	-	107,031,800	558,843,024	(745,861)	558,097,163
Profit of the year	-	-	-	-	97,047,926	97,047,926	(1,988,850)	95,059,076
Other comprehensive income for the period	-	-	(4,079,563)	-	-	(4,079,563)	27,735	(4,051,828)
Total comprehensive income for the year	-	-	(4,079,563)	-	97,047,926	92,968,363	(1,961,115)	91,007,248
Transferred to statutory reserve	-	9,704,793	-	-	(9,704,793)	-	-	-
Increase in share capital through bonus shares	100,000,000	-	-	(25,000,000)	(75,000,000)	-	-	-
Dividends (Note 27)	-	-	-	-	(82,500,000)	(82,500,000)	-	(82,500,000)
<u>For the year ended December 31, 2022</u> Restated (Note 42)	475,000,000	103,056,265	(20,619,811)	(25,000,000)	36,874,933	569,311,387	(2,706,976)	566,604,411

  
Financial Controller

  
VP – Finance

  
Chief Executive

  
Chairman of the Board

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

**MAHARAH FOR HUMAN RESOURCES COMPANY**

(Closed Saudi Joint Stock Company)

**Consolidated Statement of Cash Flows****For the year ended December 31, 2022**

(in Saudi Riyals)

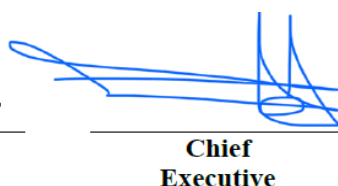
	Note	2023	2022 Restated Note 42
<b><u>Operating activities</u></b>			
Profit before zakat		105,005,017	125,712,960
<b>Adjustments for non-cash items</b>			
Employees defined benefit Liabilities recognized	24	24,806,863	21,340,720
Expected credit losses expense	10·9·8	27,723,070	8,372,220
Depreciation and amortization	17·15·14·13	33,760,355	29,609,031
Share of results of an associate company	19	(38,677,554)	(15,877,594)
Net profit from financial assets at FVTPL	16	(840,895)	(3,160,719)
Financing costs	32	44,181,690	10,551,899
Profits from Murabaha term deposits	33	(1,780,757)	(709,839)
Goodwill impairment loss	15	1,956,071	-
Profit from selling Property and equipment	33	(1,150,504)	(33,017)
Reverse of salaries due are no longer required		-	(15,086)
Disposal of lease contracts	17	524,279	658,553
<b>Changes in working capital</b>			
Trade receivables		(41,168,263)	(63,803,784)
Contract assets		(681,801)	(35,446,049)
Prepaid expenses and other current assets		56,122,796	28,019,831
Available visas		(8,208,000)	3,896,000
Recruitment costs and visas used - the current portion		13,211,874	25,304,969
Retained deposits		(3,606,947)	5,780,017
Trade payables and amounts due and other current liabilities		45,214,219	43,992,514
Contract liabilities		(32,004,825)	43,514,626
<b>Cash generated from operations</b>		<b>224,386,688</b>	<b>227,707,252</b>
Received dividends	19	7,755,555	-
Zakat Paid	22	(11,345,283)	(15,600,111)
Employees defined benefit Liabilities Paid	24	(19,599,778)	(18,201,674)
<b>Net cash flows available from operating activities</b>		<b>201,197,182</b>	<b>193,905,467</b>
<b><u>Investment activities</u></b>			
Buying shares in associates companies		-	(737,468,509)
Movement on Murabaha term deposits, net		(8,219,243)	50,709,839
Purchase of Property and equipment	13	(14,839,836)	(13,736,860)
Additions to financial assets at FVTPL	16	(60,000,000)	-
Proceeds from disposal financial assets at FVTPL	16	15,656,491	77,636,072
Proceeds from disposal of Property and equipment		1,571,115	504,859
Additions to intangible assets	15	(710,501)	(2,300)
Additions to investment properties	14	-	(346,317)
<b>Net cash flows (used in) provided by investing activities</b>		<b>(66,541,974)</b>	<b>(622,703,216)</b>



Financial  
Controller



VP – Finance



Chief  
Executive



Chairman of  
the Board

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


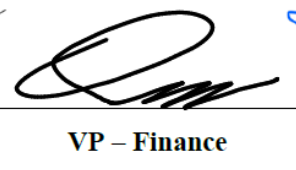
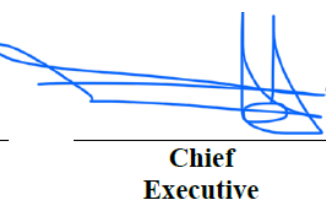

**MAHARAH FOR HUMAN RESOURCES COMPANY**

(Closed Saudi Joint Stock Company)

**Consolidated Statement of Cash Flows (continue)****For the year ended December 31, 2022**

(in Saudi Riyals)

		<b>2023</b>	2022 Restated Note 42
<b><u>Financial activities</u></b>			
Proceeds from long-term loans		-	562,607,710
Dividends Paid	27	(82,500,000)	(121,875,000)
Funded for financing costs		(35,523,515)	(5,925,739)
Paid for lease liabilities	17	(21,226,861)	(15,235,684)
Movement on non-controlling interest		-	3,381,141
<b>Net cash flows available from (used in) financing activities</b>		<b>(139,250,376)</b>	<b>422,952,428</b>
<b>Net change in cash and its equivalents</b>		<b>(4,595,168)</b>	<b>(5,845,321)</b>
Cash and its equivalents at the beginning of the year	6	83,573,675	89,418,996
<b>Cash and its equivalents at the end of the year</b>	<b>6</b>	<b>78,978,507</b>	<b>83,573,675</b>
<b><u>Non-cash transactions</u></b>			
Additions to right-of-use assets and lease liabilities	17	38,232,579	35,861,668
Disposal of right-of-use assets and lease liabilities	17	(12,524,991)	(4,522,534)
Additions to financial assets through other comprehensive income	18	-	13,985,656
Change in the fair value of financial assets at fair value through other comprehensive income.	18	2,489,470	-
Share of other comprehensive income in associates	19	1,599,294	(361,713)
Remeasurement of employee defined benefit liabilities.	24	3,161,652	4,843,415
Increase capital through retained earnings.	25	100,000,000	-
Net assets of an acquired company	40	-	734,550
Statutory reserve	17	9,704,793	11,346,237

			
<b>Financial Controller</b>	<b>VP – Finance</b>	<b>Chief Executive</b>	<b>Chairman of the Board</b>

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

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

### 1- Information about the group

Skill contribution for the resources of the "Shirkah" or "Al-Shirkah Al-Am" is a Saudi joint stock company, registered in the Kingdom of Saudi Arabia under commercial registration number dated 7 Rabi Al-Thani 1434H (corresponding to 17 February 2013). The registered 1010364538 office is located on Al-Olaya Street, Al-Yasmin District, Riyadh, Kingdom of Saudi Arabia  
The company engages in temporary employment agency activities for domestic services and temporary employment agency activities for foreign labor services

The company is listed on the stock market in the Kingdom of Saudi Arabia

The company's financial year starts on January 1st and ends on December 31st of each Gregorian year

The following are the key financial figures for these comparative financial statements

<u>Subsidiary company name</u>	<u>Commercial registration</u>	<u>Country of incorporation</u>	<u>Direct ownership percentage as of December 31</u>	
			<u>2023</u>	<u>2022</u>
Growth Avenue investment Company	101072219	Kingdom of Saudi Arabia	%100	%100
TPHT Services Center Auxiliary labor	729497	United Arab Emirates	%96	%96

### *Growth Avenue investment company*

On 14 Dhu al-Qi'dah 1442 AH (corresponding to June 24, 2021 AD), the group established Growth Avenue investment company .with 100% ownership Growth Avenue investment company a , limited liability company, is registered in the Kingdom of Saudi Arabia under commercial registration number 1010722193 on 14 Dhu al-Qi'dah 1442 AH (corresponding to June 24, 2021

### Subsidiary companies owned by Growth Avenue investment Company

<u>Subsidiary company name</u>	<u>Commercial registration</u>	<u>Country of incorporation</u>	<u>Direct ownership percentage as of December 31</u>	
			<u>2023</u>	<u>2022</u>
Atiaf Support Services Company ("Atiaf") (*)	1010393045	Kingdom of Saudi Arabia	%90	%90
Shifa Arab Medical (**) Company	1010928711	Kingdom of Saudi Arabia	%85	%85
Nabd Logistics Services Company (***)	1010733797	Kingdom of Saudi Arabia	%100	%100
Training for Professional Development Company(****)	1010753744	Kingdom of Saudi Arabia	%100	%100
Sustainable Operations Company Limited(*****)	1010849985	Kingdom of Saudi Arabia	%100	%100



# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 1- Information about the group (continued)

(\*) On 25 Dhu al-Hijjah 1442 AH (corresponding to August 4, 2021), the group acquired an ownership stake of 90% in Atiaf Support Services Company "Atiaf". Atiaf Company is a limited liability company registered in Riyadh, Kingdom of Saudi Arabia, pursuant to Commercial Registration No. 1010393045 dated 1 Muharram 1435 AH (corresponding to 4 November 2013). Atiaf Company is licensed to provide support services.

(\*\*) On 10 Jumada al-Akhir 1443 AH (corresponding to January 13, 2022), the group acquired an ownership stake in 85% in Shifa Arabia Medical Company. Shifa Arabia Medical Company is a limited liability company. Registered in Riyadh, Kingdom of Saudi Arabia, under Commercial Registry No. 1010928711 dated 23 Rabi' al-Awwal 1439 AH (corresponding to 11 December 2017). Shifa Arabia Medical Company Licensed: Licensed to provide medical operations to hospitals, provide medical home care services, and medical clinics. Mobile healthcare, pain relief centres, telecare and telemedicine centers (see note 40 ).

(\*\*\*) Nabd Logistics Services Company is a limited liability company. Registered in Riyadh, Kingdom of Saudi Arabia, under Commercial Registry No. 1010733797 dated 4 Muharram 1443 AH (corresponding to August 12, 2021). Nabd Logistics Services Company is licensed to practice the activity of... Logistics services.

(\*\*\*\*) The Training for Professional Development Company is a limited liability company registered in Riyadh, Kingdom of Saudi Arabia. The Kingdom of Saudi Arabia, pursuant to Commercial Registry No. 1010753744 dated 26 Rabi' al-Awwal 1443 AH (corresponding to November 1 (May 2021.)) The training for professional development company is licensed by the General Training Corporation Technical and vocational to provide special secondary technical and vocational education, including barber and hairdressing. And restaurant and hotel workers.

(\*\*\*\*\*) Sustainable Operations Company Limited is a limited liability company registered in Riyadh, Kingdom of Saudi Arabia, according to the registry. Commercial No. 1010849985 dated 2 Jumada al-Thani 1444 AH (corresponding to December 26, 2022 AD). Sustainable Operations Company Limited is licensed to engage in restoration activity Residential and non-residential buildings, general construction of residential buildings, construction of prefabricated buildings on sites, general construction of non-residential buildings such as schools, hospitals and hotels.

### ***TPHT Labor Services Center***

On 25 Ramadan 1443 AH (corresponding to April 26, 2022), the partners in the TBH Center for Supportive Labor Services reached an agreement to restructure shares by having Maharah Human Resources Company own a direct share of 96% instead of an indirect share of 59.5%. THBH Centre, a limited liability company, is registered in the United Arab Emirates under Commercial Registration No. 729497 dated 25 Jumada Al-Awwal 1436 AH (corresponding to 16 March THPH Center for Domestic Labor Services is licensed to practice the activity of providing .(2015 cleaning services for buildings and basic services for residential properties

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

### 1- Information about the group (continued)

#### *TBH Supportive Labor Services Center (continued)*

#### Subsidiaries owned by TBH Supportive Labor Services Center

Subsidiary company name	Commercial registration	Country of incorporation	Direct ownership percentage as of December 31	
			2023	2022
The Perfect Help Company (*) LLC	729497	The United Arab Emirates	%100	%100
TBH Company for Public - Health Pest Control Services Sole Proprietorship LLC	1338526	The United Arab Emirates	%100	%100
MBL Building Maintenance LLC	1344621	The United Arab Emirates	%100	%100
-Yalla Fixit Company - One person company(****)	1341927	The United Arab Emirates	%100	%100
Musanad Company for Cleaning ( (*****Service ("Musanad")	1304819	The United Arab Emirates	%100	%100

(\*) The Perfect Help Company, a limited liability company, registered in the United Arab Emirates under Commercial Registry No. 729497 dated 24 Jumada Al-Awwal 1436 AH (corresponding to March 15, 2015). The Perfect Company is Lab is licensed to practice the activity of providing domestic workers services.

(\*\*) TBH Company Public Health Pest Control Services, a limited liability company, registered in In the United Arab Emirates under Commercial Registry No. 1338526 dated 6 Dhu al-Qi'dah 1432 AH (corresponding to October 4 (Ber 2011.) TBH pest control services company Public Health is licensed to practice the activity of providing cleaning services for buildings and controlling public health pests.

(\*\*\*) MBL Building Maintenance LLC, with limited liability, is registered in the United Arab Emirates. Commercial Registration No. 1344621 dated 12 Rajab 1435 AH (corresponding to May 11, 2014). MBL Maintenance LLC The buildings are licensed to engage in the activity of providing Maintenance services for buildings.

(\*\*\*\*) Yalla Fixit Company, a limited liability company, is registered in the United Arab Emirates under Commercial Registration No. 1341927 on 7 Sha`ban 1439 AH (corresponding to April 23, 2018). Yalla Company is licensed to practice the activity of providing Services in the field of installing air conditioning systems Air, ventilation, air purification and maintenance, installation and maintenance of electromechanical equipment and resistors Plumbing and sanitation works, installation of solar energy systems, floor and wall tiling works, and resistance Painting works, carpentry and flooring works, installing wall paper, gypsum and cladding works.

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

### 1- Information about the group (continued)

(\*\*\*\*\*) Musaned Company, a limited liability company, is registered in the United Arab Emirates under the registry. Current No. 1304819 dated 26 Dhul-Hijjah 1438 AH (corresponding to September 17, 2017). Musaned is a licensed company Practicing the activity of providing cleaning services for buildings.

The following is a description of the subsidiaries that have significant non-controlling interests in Reason for the parent company preparing the consolidated financial statements

Subsidiary company name	Country of incorporation	The proportion of ownership interests held by non-controlling interests		The proportion of voting rights owned by non-controlling interests	
		December 31	December 31	December 31	December 31
		2023	2022	2023	2022
Atiaf Support Services “) CompanyAtiaf (“	Kingdom of Saudi Arabia	%10	%10	%10	%10
TPHT Labor Services Center	The United Arab Emirates	%4	%4	%4	%4
Arabian Shifaa Medical Company	Kingdom of Saudi Arabia	%15	%15	%15	%15

Subsidiary company name	Country of incorporation	Total comprehensive income allocated to non-controlling interests		Property rights are not The dominant	
		December 31	December 31	December 31	December 31
		2023	2022	2023	2022
Atiaf Support Services Company “)Atiaf(“	Kingdom of Saudi Arabia	(996,965)	(1,658,044)	253,301	1,250,266
TPHT Labor Services Center	The United Arab Emirates	(506,968)	(102,580)	(1,623,609)	(1,116,641)
Arabian Shifaa Medical Company	Kingdom of Saudi Arabia	(457,181)	(749,860)	(1,336,668)	(879,486)
		<b>(1,961,115)</b>	<b>(2,510,484)</b>	<b>(2,706,976)</b>	<b>(745,861)</b>

### 2- Base of preparations

#### 2-1 Statement of compliance

Financial statements have been prepared in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia, as well as the standards and other releases approved by the Saudi Organization for Certified Public Accountants (referred to as the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia,

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 2- Basis of preparation (continued)

#### 2-2 Historical Cost Principle

These unified financial statements have been prepared on the basis of historical cost principle except when International Financial Reporting Standards require the use of another measurement basis, as explained in the accounting policies disclosed in Note (5) "Information about Significant Accounting Policies"

These consolidated financial statements have been prepared in accordance with the historical cost principle, except for the following

- Financial assets listed at fair value are measured through comprehensive income at fair value
- Financial assets listed at fair value are measured through profit or loss at fair value
- The specific benefits commitment of employees is proven by the current value of future requirements using the expected credit unit method

#### 2-3 Principles of Consolidated Financial Statements

Consolidated financial statements include the financial statements of the company and its subsidiaries. Control is achieved when the group is exposed to variable returns or has rights to them through its participation in the investing company and has the ability to influence those returns by exercising control over the investing company. The group does not control the investing company specifically unless the group that controls the company has the following as of the date of the following report

- The ability to control the investing entity (i.e., existing rights that give it the current ability to direct the operations of the relevant investing entity;
- It is exposed to, or has rights to, variable returns from its involvement with the investing activities, and in the investing company; and
- It has the ability to use its control to influence investment returns

In general, there is an assumption that a majority of voting rights results in control. To support this assumption, and when the group has less than a majority of voting rights or similar rights in the investing company, the group takes into account all relevant facts and circumstances when assessing whether it has control over the investing company, including

- Contractual arrangements with other voting rights holders in the investing company
- ,Rights arising from other contractual arrangements
- Voting rights of the group and potential voting rights for it

When one or more of the three control elements are present, consolidation of the subsidiary begins from the date the group gains control over the subsidiary and continues until control over the subsidiary ceases

Net income and each element of other comprehensive income are distributed among the shareholders in the parent company and non-controlling interests, even if this distribution may result in a deficit in the non-controlling interests balance. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the group's accounting policies. All assets, liabilities, equity interests, income, expenses, and cash flows ,related to transactions between group companies are completely eliminated upon consolidation and accounting is done when there is a change in the ownership interest of the subsidiary, without loss of control, as transactions within equity interests.



# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 2- Basis of preparation (continued)

#### 2-3 Principles of Consolidated Financial Statements (continued)

The group reassesses whether it controls the investee company or not if the facts and circumstances indicate changes in one or more of the three control elements referred to above

When the group holds less than a majority of the voting rights in the investee company, it has the ability to control the investee company when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee company from one side

The group considers all relevant facts and circumstances when assessing whether the voting rights of the investee company are sufficient to give it control, including the following facts and circumstances

- The size of the voting rights held by the group relative to the size and extent of ownership of other voting rights holders;
- Potential voting rights held by the group and other voting rights holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances indicating that the group has, or does not have, the current ability to direct the relevant activities when needed to make decisions, including how to vote at shareholder or previous owner meetings

In the event of loss of control over subsidiary companies, the group does the following

- Ceases to recognize the assets and liabilities of the subsidiary company
- Ceases to recognize the carrying amount of any non-controlling interest
- Ceases to recognize cumulative translation differences recorded in equity
- Recognizes the fair value of consideration received
- Recognizes the fair value of any retained investment
- To recognize any surplus or deficit in the consolidated statement of profit or loss

Changes in the ownership interest of the subsidiary are recorded, without loss of control, in the changes in equity

Profit and loss and all other comprehensive income elements attributable to the owners of the company and to non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to non-controlling interests even if it results in a deficit in the non-controlling interests of consolidated equity.

If the company loses control over its subsidiary, it ceases to recognize related assets (including goodwill) and non-controlling interests and other components of equity, while any gains or losses resulting are recognized in the consolidated statement of comprehensive income

When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those of the group

All transactions including assets, liabilities between the group and equity, revenues, expenses, and cash flows resulting from transactions between group companies are eliminated in full upon consolidation of the financial statements.

The company and its subsidiaries apply the same financial reporting period.

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 2- Basis of preparation (continued)

#### 2-4 Business combinations and goodwill

The acquisition method is used to account for the acquisition of subsidiaries. The cost of acquisition is measured at the fair value of the assets given, liabilities incurred, or assumed at the date of acquisition, plus directly attributable costs of the acquisition. The increase in the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired and assumed liabilities is recognized as goodwill. Goodwill is tested annually for impairment and included at cost less any impairment losses, if any. Acquisition-related costs are expensed when incurred and included in administrative expenses.

When the group acquires businesses, it evaluates the assets and assumed liabilities for appropriate classification and allocation based on contractual terms, economic conditions, and relevant conditions as of the acquisition date. This includes separating embedded derivatives in original contracts through the acquisition process.

Any potential consideration transferred by the buyer is recognized at fair value at the acquisition date. All potential consideration (excluding items classified as equity) is measured at fair value with changes in fair value recognized in profit or loss. Consideration classified as equity is not remeasured and is accounted for within equity settlement.

Fame is initially measured as the excess of the purchase cost over the fair value of the group's share in the net identifiable acquired assets and liabilities incurred. If the fair value of the net identifiable acquired assets exceeds the total consideration transferred, the group reassesses whether it has correctly identified all acquired assets and liabilities incurred, and revises the measures used to recognize the amounts to be recognized at the acquisition date. If a revaluation still results in an increase in the fair value of the net identifiable acquired assets over the total consideration transferred, gains are recognized in the consolidated statement of comprehensive income as bargain purchase gains.

After initial recognition, fame is measured at cost less any accumulated impairment losses in value. For the purpose of impairment testing, the acquired fame from a business combination is allocated, from the acquisition date, to each cash-generating unit of the group ("cash-generating units") expected to benefit from the combination, regardless of whether other assets or purchase liabilities are allocated to those units.

When fame is allocated to a cash-generating unit and a portion of the operation within that unit is disposed of, the fame associated with the excluded operation is included in the carrying amount of the operation when determining the profit or loss from the exclusion of the operation. The excluded fame in these circumstances is measured based on the relative values of the excluded operation and the retained portion of the cash-generating unit.

#### 2-5 Currency of Presentation and Activity

The financial statements are presented in Saudi Riyals, which is considered the presentation currency and the functional currency of the group and are rounded to the nearest Saudi Riyal unless stated otherwise.

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 3- Accounting policies and key sources of estimation uncertainty

Preparation of consolidated financial statements for the group requires management to make judgments, estimates, and assumptions that affect the amounts reported for revenues, expenses assets, and liabilities at the date of the financial statements. However, failure to confirm these assumptions and estimates may result in a significant adjustment to the carrying amount of assets or liabilities that will impact future periods. These estimates and assumptions are based on experience and various other factors believed to be reasonable under the circumstances and are used to measure the carrying amounts of assets and liabilities that are difficult to obtain from other sources. These estimates and assumptions are continuously audited Adjustments to accounting . estimates are recognized in the period in which the estimates are revised or in the period of revision and future periods if the changing estimates impact the current and future periods.

#### Estimates and Assumptions

Below are presented the key assumptions related to the future and other primary sources of uncertainty in estimates at the date of preparation of the consolidated financial statements, which may result in significant differences in the carrying amount of assets and liabilities during the subsequent financial period. The group used these assumptions and estimates available when preparing the consolidated financial statements. However, circumstances and assumptions related to future developments may change due to market changes or conditions beyond the group's control. These changes are reflected in the assumptions when they occur.

#### Long-term assumptions related to employee benefits

End of service benefits for employees represent obligations that will be paid in the future and .require assumptions about program liabilities to be made using actuarial valuation processes Actuarial valuation involves making several assumptions that may differ from actual developments in the future. Management must make additional assumptions related to variables such as discount rates, salary increase rates, mortality rates, and employee turnover rates. Due to the complex and long-term nature of the valuation, the commitment of specific benefits is significantly affected by changes in these assumptions. All assumptions are audited as of the date of preparation of each set of financial statements. And periodically.

The group management consults with external actuarial experts regarding these assumptions Changes in underlying assumptions can have a significant impact on expected benefit obligations and/or periodic costs incurred by specific employee benefits.

The discount rate is considered one of the most changeable factors. When determining the appropriate discount rate, management takes into account the yields on corporate bonds denominated in currencies consistent with the benefits paid, and it is periodically reconciled with the yield rate to align with the expected duration of the specified benefit commitment.

#### Provisions

Provisions, depending on their nature, are based on estimates and evaluation processes to ensure compliance with evidential controls, including estimating the amounts likely to be paid. Legal provisions are based on cost estimates, taking into account legal advice and other currently available information. They also include end-of-service benefits and exit costs, if any, at the discretion of management in estimating the expected cash outflows to pay end-of-service benefits and close sites or other exit costs. Provisions related to unconfirmed liabilities include the best estimates of management as to whether expected cash outflows are likely to occur.

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 3- Accounting policies and main sources of uncertainty in estimates (continued)

#### Impairment testing of non-financial assets

Impairment occurs when the carrying amount of the asset or cash-generating unit exceeds the recoverable amount, which represents the higher of fair value less costs of disposal or present value. Fair value less costs of disposal is calculated based on available data from binding sales transactions, conducted on fair terms, for similar assets or observable market prices less additional costs to dispose of the asset. Present value is calculated based on discounted cash flow method. Cash flows are determined based on the estimated budget for the next four to six years and do not include restructuring activities not yet committed to by the group or future investments that would enhance the performance of the cash-generating unit subject to impairment testing. The recoverable amount is affected by the discount rate used in the discounted cash flow method as well as the expected future net cash inflows and the growth rate used for extrapolation purposes.

#### Estimating the additional borrowing rate

The Group cannot easily determine the implicit rate of commission in lease contracts, so it uses the additional borrowing rate to measure lease liabilities. The additional borrowing rate represents the rate of commission that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment, over a similar period and with similar security. Therefore, the additional borrowing rate reflects what the Group would have to pay, which requires estimation when observable rates are not available (such as with subsidiaries that do not engage in financing transactions) or when adjustments are needed to reflect the terms and conditions of the lease contract. The Group estimates the additional borrowing rate using observable inputs (such as prevailing market commission rates) when available, and it must make some estimates specific to the entity (such as independent credit assessment).

#### Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate expected credit losses on trade receivables and contract assets. The provision rates are determined based on days past due for different groups of customer sectors with similar loss patterns (i.e. customer type).

The provision matrix is originally determined based on historical default rates observed by the Group. The Group calibrates the matrix to adjust previous credit losses with forward-looking information. For example, if economic conditions (i.e. GDP) are expected to deteriorate over the next year leading to an increase in default cases, the previous default rates are adjusted. As of each financial statement date, the observed previous default rates are updated and an analysis of changes in future estimates is performed.

#### Provision for expected credit losses on trade receivables and contract assets (continued)

The process of assessing the interrelationship between observed historical default rates and expected economic conditions and anticipated credit losses represents an important estimation. The amount of expected credit losses is influenced by changes in expected economic conditions. Additionally, previous credit losses within the group and expected economic conditions may not be indicative of the actual default of the client in the future. For more information, refer to disclosures (8, 9, and 10).



# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 3- Accounting policies and main sources of uncertainty in estimates (continued)

#### Annual impairment test for goodwill

.The Group's management annually tests whether goodwill has suffered any impairment in value. This requires estimating the recoverable amount of the cash-generating unit to which the goodwill is allocated. The recoverable amount is affected by the discount rate used in the discounted cash flow method, as well as the expected future cash inflows and the growth rate used for forecasting purposes. The key assumptions applied in determining the present value are disclosed and explained in more detail in disclosure (15) on the consolidated financial statements

#### Fair value measurement of financial instruments

When fair values of financial assets and liabilities recorded in the consolidated statement of financial position cannot be measured based on prices in active markets, their fair value is measured using valuation techniques including discounted cash flow models. Inputs to these models are taken from observable markets where possible, but when this is not possible, a degree of judgment is required in determining fair values. Judgments include considerations of inputs such as liquidity risks, credit risks, and volatility. Changes in assumptions related to these factors can affect the fair value of financial instruments

#### **Judgments used in applying accounting standards**

The following judgments have a material impact on the amounts recognized in the consolidated financial statements

#### Determination of control and significant influence

Management judgments when assessing control over subsidiaries in the consolidated entity

Subsidiary companies are all companies in which the group has investments and controls. The group's management considers that the group controls a facility when the group is exposed to risks or has rights to variable returns from its involvement with the investee company, and also when it has the ability to use its power over the investee company to influence the value of those returns by directing activities related to the investee companies

In general, there is an assumption that owning a majority of the voting rights leads to control. In support of this assumption, when the group has equal or less than majority voting rights in the investee company, the group takes into account all relevant facts and circumstances when assessing whether it exercises control over the investee company, including contractual arrangements and others that affect activities impacting the returns of the investee companies

Determining control by the group depends on those related activities, the decision-making process related to those activities, and the group's rights in the investee companies

Specific provisions must be made when the group owns a ownership stake and voting rights of or more and management believes it does not exercise "control" or "joint control" over this %20 investee company

For this investee company, the group's management concluded that it exercises a "significant influence" according to the requirements of the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia. Significant influence is defined as the ability to participate in the financial and operating decisions of the investee company, not "control" or "joint control". The International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia provide various indicators of "significant influence", including representation on the board of directors and participation in policy-making

The group accounts for this investment in the fellow company in accordance with ownership rights

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 3- Accounting policies and main sources of uncertainty in estimates (continued) The terms used when applying accounting standards (continued)

#### Useful lives of property, plant and equipment, and investment properties

The group management determines the estimated productive ages of properties, equipment, and real estate investments for the purpose of calculating depreciation. This estimation is made after taking into account the expected life of the asset or normal consumption. The group periodically reviews the estimated productive ages and depreciation method to ensure that the method and year of depreciation are consistent with the expected pattern of economic benefits from these assets

#### Provisions when determining the duration of lease contracts that include renewal and termination options

When determining the lease term, management considers all relevant facts and circumstances that provide an economic incentive to exercise the renewal option, or not to exercise the termination option. Renewal options (or periods following termination options) are included in the lease term if it is reasonably certain that they will be exercised (or not terminated). The group evaluates at the commencement of the lease whether it is reasonably certain that renewal options will be exercised. The group reassesses whether it is reasonably certain to exercise these options if there is a significant event or significant change in circumstances within its control

### 4- New and amended standards and interpretations

The following are the new and amended International Financial Reporting Standards that have become effective for annual periods beginning on or after January 1, 2023, and which had no material impact on the disclosures or amounts in these financial statements

#### 4-1 New and amended standards and interpretations in effect

##### **Extension of the temporary exemption from applying International Financial Reporting Standard 9 (Amendments to International Financial Reporting Standard 4)**

The amendment changes the end date of the temporary exemption period in International Financial Reporting Standard 4 Insurance Contracts from applying International Financial Reporting Standard 9 "Financial Instruments", requiring entities to apply International Financial Reporting Standard 9 for annual periods beginning on or after January 1, 2023

##### **International Financial Reporting Standard 17 Insurance Contracts and its amendments**

The amendments require that insurance claims be measured at the present value of the obligation and provide a uniform measurement and presentation method for all insurance contracts. These requirements are designed to achieve the goal of consistent and principle-based accounting for insurance contracts. These amendments also address concerns and implementation challenges identified after the publication of International Financial Reporting Standard 17 Insurance Contracts in 2017

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 4- New and amended standards and interpretations (continued)

#### **Amendments to International Accounting Standard 1 and International Financial Reporting Standard 2 (Disclosure of Accounting Policies)**

The amendments require entities to disclose their fundamental accounting policies, rather than their significant accounting policies. Further amendments explain how an entity can determine a fundamental accounting policy. Examples are added of when an accounting policy may be significant. To support the amendment, the Board also provides guidance and examples to explain and demonstrate the application of the "four-step materiality process" outlined in International Financial Reporting Standard 2.

#### **Amendment to International Accounting Standard 8 (Accounting Estimates)**

The amendments replace the definition of changes in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates represent "cash amounts in the financial statements that are subject to uncertainty in measurement." Entities make accounting estimates if accounting policies require items in the financial statements to be measured in a way that involves uncertainty in measurement. The amendments clarify that any change in an accounting estimate resulting from new information or developments is not a correction of an error.

#### **Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to International Accounting Standard 12)**

The amendments clarify that initial recognition exemption does not apply to transactions that give rise to deductible temporary differences subject to tax at initial recognition.

The following is a statement of new and amended standards and interpretations issued and not yet effective as of the date of the financial statements beginning on or after

January 1, 2024, with early application permitted but not applied by the Group when preparing these financial statements.

### 4-2 Issued and not yet effective standards

#### **Amendments to International Accounting Standard 1 "Classification of Liabilities as Current or Non-current"**

The amendments aim to enhance consistency in applying the requirements by assisting companies in determining whether debts and other obligations with uncertain payment dates should be classified as current (due or likely to be due for payment within one year) or non-current in the financial statements.

#### **Lease liability in sale and leaseback transactions (amendments to International Financial Reporting Standard 16)**

The amendment explains how the seller-lessee subsequently measures sale and leaseback transactions that meet the conditions in International Financial Reporting Standard 15 to be accounted for as sales.

#### **Non-current liabilities linked to covenants (amendments to International Accounting Standard 1)**

The amendment explains how the covenants that an entity must comply with within twelve months after the reporting period affect the classification of the liability.

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 4- New and amended standards and interpretations (continued)

#### 4-2 Issued and not yet Effective Standards (continued)

#### **Amendments to International Financial Reporting Standard 10 Consolidated Financial Statements and International Accounting Standard 28 Investments in Associates and Joint Ventures (2011)**

The amendments relate to the treatment of the sale or contribution of assets by an investor in an associate or joint venture

#### **International Sustainability Standard (1) General Requirements for Disclosing Financial Information Related to Sustainability**

Requires entities to disclose information about all sustainability-related risks and opportunities that are reasonably expected to impact the entity's cash flows, access to financing, or cost of capital in the short, medium, or long term (referred to collectively as "sustainability-related risks and opportunities that are reasonably expected to impact the entity's prospects"). Standard 1 describes how entities should prepare and report on financial disclosures related to sustainability. It also specifies the general requirements for the content and presentation of these disclosures to ensure that the information disclosed is useful to users in making decisions related to providing resources to the entity

#### **International Sustainability Standard (1) General Requirements for Disclosing Financial Information Related to Sustainability (continued)**

The facility is required to disclose information about the risks and opportunities related to climate that are expected to impact the cash flows of the facility or its access to financing or cost of capital in the short, medium, or long term (referred to collectively as "risks and opportunities related to ("climate that are reasonably expected to affect the facility's prospects

International Sustainability Standard 2 specifies the requirements for disclosing information about the risks and opportunities related to climate for the facility to enable users of general purpose financial reports to understand the following

- A) The governance processes, controls, and procedures used by the facility to monitor and manage climate-related risks and opportunities and oversee them
- B) The facility's strategy for managing climate-related risks and opportunities
- C) The processes used by the facility to identify, assess, prioritize, and monitor climate-related risks and opportunities, including whether these processes are integrated into the facility's overall risk management process and how they are conducted; and
- D) The facility's performance regarding climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets required to be achieved under law or regulations

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 5- Material accounting policy information

The Group consistently applied the following accounting policies to all periods presented in these consolidated financial statements. In addition, the Group adopted the disclosure of accounting policies (amendments to International Accounting Standard 1 and International Financial Reporting Practice Statement 2) as of January 1, 2023. The amendments require disclosure of "fundamental" accounting policies instead of "significant." The amendments did not result in any changes to the accounting policy itself, and did not fundamentally change the information disclosed in the accounting policy.

The following is a summary of the significant accounting policies used by the Group in preparing these consolidated financial statements:

#### A) Classification of assets and liabilities as current or non-current

The group classifies the assets and liabilities in the unified financial statements based on their classification as current or non-current.

An asset is classified as current if:

- It is expected to be realized or there is an intention to sell or use it within the normal operating cycle
- The asset is primarily held for trading purposes
- It is expected to be realized within 12 months after the date of the unified financial statements or
- It is cash or its equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months from the date of the unified financial statements

All other assets are classified as non-current assets.

A liability is classified as current if:

- It is expected to be settled within the normal operating cycle
- The liability is primarily held for trading purposes
- It is expected to be settled within 12 months after the date of the unified financial statements or
- There is no unconditional right to defer settlement of the liability for at least 12 months after the date of the unified financial statements

All other liabilities are classified as non-current liabilities.

#### B) Fair value measurement

The group measures financial instruments at fair value at the date of each unified financial statement.

Fair value is the amount that can be received upon selling assets or paid upon settling liabilities between two parties in an arm's length transaction at the measurement date.

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 5- Material accounting policy information (continued)

#### B. Fair value measurement

Fair value measurement assumes that the transaction to sell assets or transfer liabilities will occur either

- In the principal market for those assets or liabilities, or
- If there is no principal market, in the most advantageous market for the assets or liabilities

The group must have the ability to access/utilize the principal market or the most advantageous market

Fair value of assets or liabilities is measured using assumptions that market participants would use when pricing the assets and liabilities, assuming they seek to maximize their own economic interests

When measuring the fair value of non-monetary assets, the ability of market participants to achieve economic benefits from the asset through its best and highest use or by selling it to other market participants who use the asset in the best and highest way is taken into account

The Group uses appropriate valuation methods for the circumstances, where the necessary data is available to measure fair value, attempting to exploit inputs that can be observed to the greatest extent possible, and minimizing the use of inputs that cannot be observed to the least extent possible

All assets and liabilities that are measured at fair value or disclosed in the consolidated financial statements are classified according to the hierarchy of fair value levels, which are mentioned below based on the lowest level of significant inputs for measuring fair value as a whole

- Level 1: Quoted prices (unadjusted) in an active market for similar assets or liabilities
- Level 2: Valuation techniques whose lowest level of significant inputs for measuring fair value can be directly or indirectly observed
- Level 3: Valuation techniques whose lowest level of significant inputs for measuring fair value are not observable

For assets and liabilities that are repeatedly measured at fair value in the consolidated financial statements, the Group determines whether there has been a transfer between levels of the hierarchy by reevaluating the classification (based on the lowest level of significant inputs for measuring fair value as a whole) at the end of each financial year



# **MAHARAH FOR HUMAN RESOURCES COMPANY**

(Saudi Joint Stock Company)

## **Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)**

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### **5- Material accounting policy information (continued)**

#### **C. Foreign currencies - transactions and balances**

Foreign currency transactions are initially recorded in the functional currency at the prevailing exchange rate on the date the transaction qualifies for recognition. Assets and liabilities denominated in foreign currencies are then retranslated into the functional currency at the prevailing exchange rate on the date of preparation of the consolidated financial statements. All resulting differences from settlements or transactions on cash items are recorded in the consolidated statement of comprehensive income

Non-monetary items measured at historical cost in a foreign currency are translated at the prevailing exchange rate at the transaction date. Non-monetary items in foreign currencies measured at fair value are translated at the prevailing exchange rate at the fair value determination date. Profits or losses resulting from the translation of non-monetary items measured at fair value are treated in accordance with the recognition of profits and losses resulting from changes in the fair value of that item. (Meaning that translation differences for items recognized in the comprehensive income statement are recognized in other comprehensive income, and items (recognized in profits and losses are recognized in profits and losses

#### **D. Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, deposits held with banks and financial institutions, and all are available for use by the group unless otherwise stated and have maturities of three months or less, and are subject to non-essential risks regarding changes in value

#### **E. Term deposits**

Term deposits represent deposits with local commercial banks with a maturity period of more than three months from the purchase date and are expected to be settled within a year from the end of the financial year

#### **F. Trade receivables**

Trade receivables represent the group's right to an unconditional amount (meaning that the receivable depends on the passage of time). Refer to the accounting policy for financial assets

#### **G. Contract assets and liabilities**

When one party to the contract performs, the entity must present the contract in the unified financial statements as contract assets or contract liabilities based on the relationship between the entity's performance and the customer's payment. Contract assets represent the entity's right to consideration for services transferred to the customer. Contract liabilities represent the entity's obligation to transfer services to the customer, for which the entity has received consideration (or the consideration is due) from the customer

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 5- Material accounting policy information (continued)

#### H. Prepaid expenses and other current assets

Prepaid expenses and other current assets are recognized at the amounts paid to service providers for services to be received in the future, or at the amounts paid to external parties to be refunded in the future

#### I. Purchased, available, and utilized visas and recruitment costs

##### Purchased visas

Visas purchased represent amounts paid to government entities in exchange for issuing work visas for labor force and are recorded as cost under available visas. Costs include all purchasing expenses paid to government entities to obtain work visas for the labor force

##### Available and used visas and recruitment costs

Available visas represent the unused balance of visas issued by the government. According to the Saudi system, the group may, if desired, fully recover the amounts paid to obtain purchased visas. Available visas are classified as current assets, visas are transferred from "available visas" to "used visas" and extinguished in the unified profit or loss statement on a fixed installment basis over the period according to the employment contract duration

Recruitment costs represent the amount paid to recruitment agencies for the services obtained. These costs are extinguished upon visa activation in the unified profit or loss statement over the period according to the employment contract

The unredeemed balance amount of used visas and recruitment costs are directly written off in the unified profit or loss statement in case of contract termination or any event preventing service continuation

Used visas and recruitment costs are classified as current assets if expected to be used within one year from the date of the unified financial statement, otherwise classified as non-current assets

##### Residency fees and work permits

Residency fees and work permits are written off in the unified profit or loss statement over one year according to the validity of those permits

#### J. Properties, plant, and equipment

Properties, Plant, and equipment are shown at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenses directly related to the purchase of these items. Repair and maintenance expenses are recognized as expenses in the profit or loss statement during the period incurred. Improvements that substantially increase the value or life of the assets concerned are capitalized. Improvements to leased buildings are depreciated on a straight-line basis over the productive life of the improvements or the lease term, whichever is shorter

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 5- Material accounting policy information(continued)

#### J. Properties, Plant, and equipment (continued)

The account of projects under implementation represents assets in the construction or development phase. Projects under implementation are transferred to the appropriate category within Property and equipment (according to the nature of the asset) after bringing the asset to the site and/or the necessary condition to qualify it for operation as desired by management. The cost of any item in projects under implementation includes the purchase price, construction/development cost, and any directly related costs of creating or purchasing this item desired by management. The costs associated with testing items in projects under implementation (before making them available for use) are capitalized after deducting the proceeds from the sale of any production during the testing period. Lands and projects under implementation are not consumed or extinguished.

Consumption is calculated from the date the property, machinery, and equipment item available for consumption for the purpose for which it was created. It is calculated on a straight-line basis over the estimated productive lives of the assets as follows:

<b>Item</b>	<b>Number of years</b>
Buildings	40 - 20
Improvements on leased buildings	10 ,years or the lease term whichever is shorter
Furniture and fixtures	10
Office equipment	10 - 4
Vehicles	4

Gains and losses resulting from exclusion operations are determined by comparing the proceeds with the book value and are included in the consolidated profit or loss statement.

The remaining value, productive lives, and methods of asset consumption are audited annually and adjusted with prospective effect, if appropriate, as of the date of each consolidated financial statement.

Any item of property, machinery, and equipment is discontinued from recognition upon exclusion or when no expected future benefits from use exist. Any gains or losses resulting from discontinuing the recognition of an asset (calculated as the difference between the net proceeds from exclusion and the book value of the asset) are included in the consolidated profit or loss statement during the period in which the asset is discontinued from recognition.

The book value of Property and equipment is immediately reduced to its recoverable amount in case the book value exceeds the estimated recoverable amount.

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 5- Material accounting policy information(continued)

#### K. .Intangible assets

Intangible assets acquired are measured independently upon initial recognition at cost. The cost of acquired intangible assets is determined by aggregating fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Internally developed intangible assets are not capitalized, except for development costs capitalized, and related expenses are recognized in the consolidated statement of profit or loss during the period in which they are incurred.

Productive lives of intangible assets are classified as "finite" or "indefinite". Intangible assets with finite lives are amortized over their estimated useful lives and audited for impairment when there is an indication of such impairment. The amortization period and method for intangible assets with finite lives are audited at least once at the end of each financial period. Changes in expected useful life or pattern of economic benefits provided by the asset are accounted for by adjusting the amortization period or method, as appropriate, and are considered accounting estimates. Amortization expense for intangible assets with finite lives is recognized in the consolidated statement of profit or loss within general and administrative expenses.

Capitalization of subsequent expenditures is only done when they lead to an increase in the economic benefits embodied in the specific asset to which they relate. All other expenses including costs for internally generated goodwill and trademarks, are recognized in the consolidated statement of profit or loss when incurred.

Amortization commences from the date the intangible assets are available for use and is calculated using the straight-line method over the estimated useful lives of the assets as follows:

<b>Item</b>	<b>Number of years</b>
Management licenses	10
Customer relationships	2
Trademarks	10
Customer contracts	10-5
Other intangible assets	4

Intangible assets with indefinite lives are not amortized but are tested for impairment annually to ensure no impairment exists, either individually or at the cash-generating unit level.

The useful life of intangible assets with an indefinite useful life is audited annually to ensure that the impairment test conducted for the useful life is still supported. If not, the classification is changed from "indefinite useful life" to "definite useful life" on a prospective basis. Intangible assets are derecognized upon disposal (i.e. at the date control is transferred to the receiving entity) or when there are no expected future economic benefits from the use or disposal. Any gains or losses resulting from the derecognition of an asset (calculated as the difference between the net proceeds on disposal and the carrying amount of the asset) are included in the consolidated statement of profit or loss.

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 5- Material accounting policy information(continued)

#### L. Investment properties

Investment properties consist of properties held to earn rental income or for capital appreciation or both. Properties held under operating leases are classified as investment properties when they are held to earn rental income or for capital appreciation or both, and not for sale in the ordinary course of business or for administrative purposes

Initially, investment properties are measured at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services, and initial leasing commissions to make the property ready for use. The carrying amount also includes costs related to replacing part of existing investment properties when those costs are incurred in meeting the recognition criteria

After initial recognition, investment properties are presented at cost less accumulated depreciation and impairment losses. Land and projects under construction are not depreciated. Depreciation is calculated from the date the investment property item is available for use for the purpose it was intended. It is calculated using the straight-line method over the estimated useful life of the assets and repair and maintenance expenses are included in the consolidated statement of profit or loss when incurred. Improvements that significantly increase the value or useful life of the asset are capitalized

Transfers to/from investment properties are only made when there is a change in use. For transfers from investment properties to owner-occupied properties, the deemed cost for subsequent accounting purposes is considered to be the fair value at the date of change in use. When owner-occupied properties become investment properties, the Group accounts for these properties in accordance with the policies applied to property, plant, and equipment up to the date of change in use

Investment properties are derecognized when they are disposed of or permanently withdrawn from use with no future economic benefits expected from their disposal. The difference between the net proceeds from disposal and the carrying amount of the asset is recognized in the profit or loss statement at the time of derecognition

The Group applies the following annual depreciation rates to investment properties

<b>Item</b>	<b>Number of years</b>
Buildings	40

Gains/(losses) on these investments are recognized upon their sale, as well as income from property rental contracts in the consolidated profit or loss statement

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 5- Material accounting policy information(continued)

#### **M. Impairment of non-financial assets**

The Group, at the date of preparation of the consolidated financial statements, assesses whether there are indicators of asset impairment. If there are any indicators, or when an annual impairment test is required, the Group estimates the recoverable amount of the asset

The recoverable amount of the asset is the fair value of the asset or the cash-generating unit less the selling cost or the value in use of the asset, whichever is higher

The asset is tested individually unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. When the carrying amount of the asset or cash-generating unit exceeds its recoverable amount, the asset is written down to its recoverable amount

When determining the value in use, future cash flows are discounted to their present value using a pre-tax discount rate that reflects market assessments of the time value of money and the risks associated with the asset. When determining fair value less selling costs, recent market transactions, if available, are considered, or an appropriate valuation model is used. These values are verified by comparing them to valuation multiples and listed share prices of publicly traded subsidiary companies or through any other indicators of fair value

The group relies on detailed budgets and estimates to calculate impairment in value, which are prepared separately for each cash-generating unit within the group to which individual assets are allocated. These detailed budgets and estimates typically cover five years. To cover longer periods, a long-term growth rate is calculated and applied to future cash flows of the project after the fifth year

Impairment losses for continuing operations are recognized in the consolidated statement of profit or loss as expenses appropriate to the function of the assets that have been impaired in value

An assessment is made at each reporting date to determine whether there are any indications that previously recognized impairment losses for non-financial assets, excluding goodwill, are no longer present or have decreased. An impairment reversal is recognized in the consolidated statement of profit or loss

#### **N. Impairment of non-financial assets**

A previously recognized impairment loss reversal, excluding goodwill, is only made if there is a change in the assumptions used to determine the recoverable amount of the asset since the last impairment loss recognition. This reversal is limited so as not to exceed the recoverable amount that the carrying amount would have been, net of depreciation, if the impairment loss of the asset had not been recognized in previous years. This reversal is recognized in the consolidated statement of profit or loss

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 5- Material accounting policy information(continued)

#### O. Investments in associate companies

An associate company is one in which the group holds a long-term investment ranging from 20% to 50% of the capital with significant influence

Investments in associate companies are accounted for using the equity method, whereby the consolidated financial statements include a proportionate share of the results, reserves, and retained earnings of the entities post-acquisition based on their latest audited financial statements. In cases where the group no longer has practical control or significant influence over the financial and operating policies of the investee group, these investments are accounted for at cost.

The application of the equity method is stopped if the investment value becomes zero due to continuous losses in the associate company (unless the group guarantees the facilities' obligations or is committed to providing additional financial support). The application of the equity method is resumed if the facilities subsequently achieve net profits equal to the net losses during the period of suspension of the equity method.

#### P. Retained deposits

Retained deposits represent amounts equivalent to two months' salary collected from customers as deposits and retained by the group until the completion/termination of labor contracts. Upon contract termination or any event preventing service continuation, the group refunds the balance or uses it against outstanding amounts due from customers. Therefore, held insurance is shown within current liabilities.

#### Q. Short-term liabilities

Short-term obligations related to wages and salaries, including non-cash benefits, accrued leave travel tickets, and allowances, expected to be fully settled within twelve months after employees cease providing related services, are recognized for employee services until the end of the financial period and measured at the expected amounts to be paid upon settlement of the obligations. Liabilities are presented within trade payables, amounts due, and other current liabilities in the consolidated financial statements.

#### R. Employee defined benefit Liabilities

The group's defined benefit plan is a gratuity program with a fixed amount. The recognized benefit obligation in the consolidated financial statements represents the present value of the defined benefit obligation as of the financial statements' preparation date. This unfunded program means the group pays benefits when due upon employees leaving employment.

The defined benefit obligation is periodically remeasured by independent actuaries using the expected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using the yields of high-quality corporate bonds denominated in the currency in which the benefits will be paid, with terms similar to related obligations. If there are no deep markets for high-quality corporate bonds, market rates on government bonds are used. As of December 31, 2022, the discount rate was determined based on observed yields on Saudi government bonds.



# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 5- Material accounting policy information(continued)

#### S. Employees defined benefits liabilities (continued)

The commitment to specific benefits also depends on assumptions regarding future salary increases and the expected rate at which employees will leave work. The group assumed that salaries would increase by 10% annually for employees and 0% for workers and domestic workers in order to provide stability to the uniform profit or loss list Employee resignation rates are considered very high, but can change quickly from year to year. Therefore, the group updates this assumption from year to year in line with the development of new experiences

Financing costs are calculated by applying the discount rate to the net balance of the specific benefit obligation. Profits and losses from remeasurements resulting from changes in actuarial assumptions are recognized in the period in which they occur in the other comprehensive income statement. Changes in the present value of specific benefit obligations resulting from program amendments or workforce reductions are recognized directly in the uniform profit or loss list as prior service costs

Current and prior service costs related to employee specific benefit obligations, as well as the increase in the discount rates used, are recognized directly in the profit or loss statement. Any changes in net obligations resulting from actuarial valuations and changes in assumptions are included as remeasurements in the other comprehensive income statement The actuarial valuation process takes into account the provisions of the Saudi Labor Law in addition to the group's policy

#### T. Dividends

The group recognizes the obligations related to the payment of profit distributions to shareholders in the parent company when approved for distribution and no longer dependent on the company's estimate. In accordance with the provisions of the Companies Law and the company's Articles of Association, profit distributions are approved by the shareholders, and the corresponding amount is directly recognized within equity. Interim profit distributions are restricted upon announcement and approval by the board of directors

#### U. Leases

Determining whether an agreement represents or includes a lease depends on the essence of the agreement at its inception date. The agreement represents or includes a lease if compliance depends on the use of a specific asset or assets, or if the agreement grants the right to use a specific asset or assets even if this right is not explicitly mentioned in the contract

#### The group as a lessee

Recognition of the lease contract as right-of-use assets with corresponding liabilities on the date the leased assets are ready for use by the group. Each installment of the lease contract is allocated between the liability and finance cost

Recognition of the finance cost in the unified profit or loss statement over the lease term. Right-of-use assets are depreciated over the asset's useful life and the lease term, whichever is shorter on a straight-line basis

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 5- Material accounting policy information(continued)

#### V. Leases

Right-of-use assets are initially measured at cost and consist of

The initial measurement of the lease liability

Any lease payments made at or before the lease commencement date less any lease incentives -  
,received

Any initial direct costs, and -

Restoration costs, if applicable -

#### Lease liabilities

At the lease commencement date, the group records lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments (including in-substance fixed payments) less any receivable lease incentives and variable lease payments based on an index or rate, and amounts expected to be paid under residual value guarantees. Lease payments include the exercise price of purchase options when there is reasonable certainty that the group will exercise them and payments of penalties for terminating the lease if the lease terms require the group to exercise the termination option

For variable lease payments that do not depend on an index or rate, they are recognized as an expense in the period in which they are incurred. Lease payments are discounted using the interest rate implicit in the lease or the group's incremental borrowing rate

#### Short-term lease contracts and low-value asset leases

Short-term lease contracts are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the group's capitalization threshold and are considered immaterial to the group's overall financial position. Short-term lease payments and long-term lease payments are recognized as prepaid expenses and extinguished on a straight-line basis over the lease term

#### W. Financial instruments

##### Financial assets

##### Initial recognition and measurement

Financial assets are classified at initial recognition as measured at cost, or at fair value through other comprehensive income, or at fair value through profit or loss

All financial assets are recognized at fair value at initial recognition, including transaction costs except for financial assets measured at fair value through profit or loss

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 5- Material accounting policy information(continued)

#### Financial assets (continued)

##### Subsequent measurement

Subsequent measurement of financial assets depends on their classification as follows

##### Financial assets at amortized cost

After initial measurement, these financial assets are measured at amortized cost using the effective interest rate method and are subject to impairment. Profits or losses are recognized in the statement of comprehensive income when the asset is derecognized, or there are adjustments to it, or there is impairment. Financial assets at amortized cost in the group consist of cash and cash equivalents, trade receivables, and term deposits

##### Financial assets at fair value through profit or loss

Financial assets held within a different business model other than "hold to collect" or "hold to collect and sell" and financial assets whose contractual cash flows are not solely payments of principal and interest are measured at fair value through profit or loss. The fair value of financial assets in this category is determined by reference to active market transactions or by using a valuation technique when there is no active market

##### Financial assets at fair value through other comprehensive income

At initial recognition, the group may choose to classify its investments in equity instruments irrevocably as equity instruments classified at fair value through other comprehensive income when they meet the definition of equity instruments under International Accounting Standard 32 "Financial Instruments: Presentation" and are not held for trading. The classification is made on an instrument-by-instrument basis

Gains and losses on these financial assets are not recycled into profit or loss. Dividends are recognized as other income in the consolidated statement of profit or loss when the right to payment is established, except when the Group benefits from these proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity instruments classified as FVTOCI are not subject to impairment assessment

##### Elimination of financial assets

Financial assets are eliminated in the following cases

- The right to receive cash flows from the asset has expired, or
- The group transfers its rights by receiving cash flows from the asset or commits to pay the cash flows in full without delay to a third party through a "transfer" agreement, whether (a) the group has substantially transferred all risks and benefits associated with the asset or (b) the group has not transferred and has not retained substantially all risks and benefits associated with the asset but has transferred its right to control it
- If the group transfers its rights by receiving cash flows from the asset or enters into an agreement to transfer, it evaluates to the extent that it still retains the risks and benefits associated with the asset. The asset is recognized to the extent that the group continues its relationship with it if it does not transfer and retains all risks and benefits associated with the asset and does not transfer its control rights. In that case, the group also recognizes the liabilities associated with it. The transferred asset and the liabilities associated with it are measured on a basis that reflects the rights and obligations retained by the group.

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 5- Material accounting policy information(continued)

#### W. Financial instruments (continued)

##### Financial assets (continued)

- The continuity of the relationship is measured by taking the form of a guarantee on the transferred asset at the original book value of the asset and the maximum amount that the group can be claimed to repay, whichever is less

##### The decrease in the value of financial assets

The group acknowledges expected credit losses for all non-fair value debt instruments through profit or loss

Expected credit losses are recognized in two stages. For credit exposure that has not experienced a significant increase in credit risk since initial recognition, expected credit losses for credit risk resulting from potential default within 12 months are recognized (12-month expected credit losses). As for credit exposure that has experienced a significant increase in credit risk since initial recognition, expected credit losses for the remaining lifetime of the exposure must be recognized regardless of the timing of default (lifetime expected credit losses)

For trade receivables, the Group applies a simplified approach in calculating expected credit losses. The Group, therefore, uses a dedicated matrix that focuses on historical default rates in the credit risk of customers, and which is adjusted for forward-looking information on the economy and the industry environment

##### Initial recognition and measurement

Financial assets are classified, upon initial recognition, as financial assets at fair value through profit or loss, loans and receivables, or financial derivatives used as effective hedging instruments to cover risks

All financial assets are initially recognized at fair value, and in the case of loans, advances, and receivables, at the net of directly attributable transaction costs

##### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows

##### Loans and advances

After initial recognition, loans and advances are measured at amortized cost using the effective interest rate method Profits or losses are recognized in the statement of profit or loss when the assets are derecognized, as well as through the amortization of the effective interest rate

##### Derecognition of financial assets

Financial assets are derecognized when the obligation is settled, cancelled, or expires under the contract

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 5- Material accounting policy information(continued)

#### W. Financial instruments (continued)

##### Offsetting financial instruments

Offsetting of assets and financial liabilities is carried out, showing the net amount in the consolidated financial statements in the presence of a legally enforceable right to offset recognized amounts, and the intention to settle on a net basis or when assets are realized and liabilities settled simultaneously

#### X. Provisions

Provisions are recognized when there are current or expected legal obligations on the group resulting from past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation

When the group expects that some or all of the provisions will be reimbursed, for example under an insurance contract, the amounts reimbursable are recognized as a separate asset only when it is virtually certain that reimbursement will be received. The expense relating to the provision is presented in the consolidated statement of comprehensive income net of any amounts reimbursable

If the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax current rate that reflects, when appropriate, current market assessments of the time value of money and the specific risks of the obligations. The increase in the discount is recognized as a financing cost

#### Y. Zakat provision

The Zakat provision is calculated at the end of each financial year in accordance with the instructions and requirements of the Zakat, Tax and Customs Authority

The Zakat provision is recognized at the end of the financial year within the items of the consolidated statement of profit or loss, and the differences resulting from the final reconciliation are also recognized within the same item in the year in which the Zakat reconciliation is adopted

#### Z. Value Added Tax

Revenues, expenses, and assets are recognized net of Value Added Tax except in the following cases

- If Value Added Tax on the acquisition of assets or services is not recoverable from the tax authority, in this case, Value Added Tax is recognized as part of the cost of purchasing assets or as part of the expense item depending on the situation
- Accounts receivable and accounts payable include the amount of Value Added Tax

Net Value Added Tax refundable to or payable to the tax authority is included in other accounts receivable or other accounts payable in the consolidated financial position

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 5- Material accounting policy information(continued)

#### AA. Segment information

An operating segment is a component of the group that

- ,Engages in activities from which it may earn revenues and incur expenses
- Its results are regularly audited by management for the purpose of making decisions related to resource allocation and performance evaluation
- Financial information is available

The operational business of the group is organized and managed independently according to the nature of the services provided, with each sector representing a strategic unit offering different products to its specific market

For administrative purposes, the group is divided into 3 main sectors, based on the services of workforce supply as outlined below

- Corporate Sector: The group supplies workforce to companies, which constitute a part of the revenues generated from its corporate sector
- Individual Sector: The group supplies workforce to individuals based on their needs (such as nurses, maids, etc.), which constitute a part of the revenues generated from the individual sector
- Facility Management Sector: The group supplies workforce to companies for cleaning and building maintenance, which constitute a part of the revenues generated from the facility management sector

The geographical sector consists of assets, operations, or facilities that engage in revenue-generating activities in a specific economic environment and are exposed to risks and returns different from those operating in other economic environments. The group operates in both Saudi Arabia and the United Arab Emirates

#### BB. Revenue Recognition

The group recognizes revenue when the customer receives and consumes the services provided by the group over a period of time, i.e., the number of days of service provision, in accordance with International Financial Reporting Standard 15 requirements

,Revenue is measured based on the consideration specified in the contract with the customer excluding amounts collected on behalf of third parties. The group recognizes revenue when services are provided to customers. Revenue from contracts is recognized based on the labor services provided to customers (representing the performance obligation stipulated in the contract) over the periods of these contracts

#### Variable Consideration

If the consideration promised in the contract includes a variable amount, the group estimates the amount of consideration it expects to receive in exchange for transferring the promised services to the customer

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 5- Material accounting policy information(continued)

#### BB. Revenue recognition (continued)

##### Significant Financing Component

The group adjusts the promised consideration amount, if any, for the time value of money if the contract includes a significant financing component

##### Measurement of Progress towards Complete Satisfaction of Performance Obligation

Performance obligations (service delivery) are fulfilled over time. The group applies a single method to measure the extent of compliance with the commitment. The group uses the input method as the basis for measuring performance achieved to date

##### Contract costs

Contract costs are recognized as expenses unless the group has reasonable expectations of recovering these costs from customers and in cases where these costs can be recovered from customers. The group extinguishes these costs systematically, in line with the transfer of services to the customer. The group recognizes contract costs if

- The costs are directly related to the contract or an expected contract that the group can specifically identify
- The costs generate resources for the group or enhance them and are used to fulfill (or continue to fulfill) future performance obligations
- Additional costs are expected to be recovered to obtain the contract with the customer
- These costs could have been avoided if the contract was not obtained or if the group did not specifically identify an expected contract
- Directly related contract costs (or an identified expected contract) include
  - A) ,Direct labor
  - B) ,Direct materials
  - C) ,Directly related customization costs to the contract or contract activities
  - D) Costs that are clearly chargeable to the customer under the contract, and
  - E) Other costs incurred solely due to the entity entering into the contract

##### Principal vs. Agent considerations

The group conducted an evaluation of its arrangements to determine whether it acts as a principal and recognizes revenue on a gross basis, or acts as an agent and recognizes revenue on a net basis. In this evaluation, the group considered whether it obtains control over the specified services before transferring them to the customer, as well as other indicators such as the party primarily responsible for performing the services, risks of the goods, and pricing discretion. The group determined that it acts as a principal in all revenue arrangements

##### Presentation and disclosure requirements

The group detailed the revenue recognized from contracts with customers into categories showing the extent to which the nature of revenue, cash flows, value, timing, and uncertainty are affected by economic factors. Refer to Disclosure (28) for detailed revenue disclosure



# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023 (continued)

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### 5- Material accounting policy information(continued)

#### BB. Revenue recognition (continued)

##### Other Revenues

Profit from Murabaha deposits for a term is recognized on an accrual basis. Other revenues are recognized when earned

#### CC. Costs and Expenses

Costs directly related to providing services are classified as revenue costs. Expenses related to marketing and promotional activities are classified as marketing expenses. All other indirect expenses are classified as general and administrative expenses

#### DD. Foreign Currency Translation

Foreign currency transactions are initially recorded in the functional currency at the prevailing exchange rate on the date the transaction qualifies for recognition. Assets and liabilities denominated in foreign currencies are then retranslated into the functional currency at the prevailing exchange rate on the date of preparation of the consolidated financial statements. All resulting differences from settlements or transactions on cash items are recorded in the consolidated statement of comprehensive income

Non-monetary items measured at historical cost in a foreign currency are translated at the prevailing exchange rate at the transaction date. Non-monetary items in foreign currencies measured at fair value are translated at the prevailing exchange rate at the fair value determination date. Profits or losses resulting from the translation of non-monetary items measured at fair value are treated in accordance with the recognition of profits and losses resulting from changes in the fair value of that item. (Meaning that translation differences for items recognized in the comprehensive income statement are recognized in other comprehensive income, and items (recognized in profits and losses are recognized in profits and losses

#### EE. Contingent Liabilities

Contingent liabilities are disclosed when the Group has a potential obligation resulting from past events, which will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events that are not fully within the Group's control; or the Group has a legal or constructive current obligation arising from past events, but it is not probable that there will be an outflow of resources embodying economic benefits to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability

#### FF. Treasury Shares

Treasury shares are instruments of ownership rights specific to the Group, and are recognized at cost. Treasury shares are presented as a deduction from equity. No profit or loss is recognized in the income statement when purchasing, selling, issuing, or canceling instruments of ownership rights of the Group. The difference between the carrying amount and the consideration received in case of reissuance, is recognized as a premium or discount in equity. Treasury shares are allocated for the purpose of establishing an employee share program (long-term incentive plan) approved by the Extraordinary General Assembly

#### GG. Subsequent Events

The consolidated financial statements are impacted by subsequent events that require adjustments to the consolidated financial statements, while subsequent events that do not require adjustments to the consolidated financial statements are disclosed.

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31,

**2023(continued)**

(in Saudi Riyals)

### 6- Cash and cash equivalents

	As of December 31	
	<u>2023</u>	<u>2022</u>
Cash at Banks	<b>77,341,968</b>	59,321,528
Short-term Murabaha Deposits (*)	-	20,729,369
Cash in Hand	<b>1,636,539</b>	3,522,778
<b>Total</b>	<b><u>78,978,507</u></b>	<b><u>83,573,675</u></b>

Short-term Murabaha deposits represent deposits with local commercial banks with a maturity period of less than three months from the date of purchase. Variable commission rates on Murabaha deposits are determined as of December 31, 2023, and December 31, 2022, based on prevailing market rates. The revenue from short-term Murabaha deposits during the year ended December 31, 2023, amounted to SAR 1,676,869 (December 31, 2022: SAR 294,305) (Note 33)

### 7- Term deposits

Term Murabaha deposits represent deposits with local commercial banks with a maturity period of more than three months from the date of purchase and are expected to mature within one year from the date of preparation of the consolidated financial statements. Variable commission rates on term Murabaha deposits are determined as of December 31, 2023, and December 31, 2022 based on prevailing market rates. The revenue from term Murabaha deposits during the year ended December 31, 2023, amounted to SAR 103,888 (December 31, 2022: SAR 415,534) (Note 33)

### 8- Trade receivables

	As of December 31	
	<u>2023</u>	<u>2022</u>
Trade receivables	<b>313,471,478</b>	276,918,965
Amounts due from related parties (Note 12)	<b>3,877,625</b>	2,706,958
	<b>317,349,103</b>	279,625,923
Provision for expected credit losses	<b>(48,068,887)</b>	(35,649,062)
	<b><u>269,280,216</u></b>	<b><u>243,976,861</u></b>

Trade receivables include net amounts due without commission from customers without a credit rating. Based on past experience, it is expected to collect all trade receivables that have not been impaired. It is not the Group's policy to obtain guarantees for trade receivables, and therefore most of them are unsecured

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31,

**2023(continued)**

(in Saudi Riyals)

### 8- Trade receivables

The movement in expected credit losses is as follows

	As of December 31	
	2023	2022
At the beginning of the year	35,649,063	77,018,973
Related to the acquisition of a subsidiary (Note 40)	-	72,564
Formed for the year	15,864,908	5,992,484
Amounts written off	(3,445,084)	(47,434,959)
<b>At the end of the year</b>	<b>48,068,887</b>	<b>35,649,062</b>

The following is an analysis of the aging of trade receivables and credit risks

	Total	Current	Less than days 90	180 - 90 days	360-180 days	More than days 360
<b>December 2023 ,31</b>	269,280,216	202,192,127	15,520,413	8,439,837	3,119,318	40,008,521
<b>December 2022 ,31</b>	243,976,861	95,150,976	115,670,942	15,397,587	5,245,399	12,511,957

### 9- Contract assets and liabilities

#### Contract assets

Contract assets relate primarily to the Group's right to compensation for services provided but not billed at the date of preparing the financial statements. Contract assets are converted to receivables when the rights thereto become unconditional. This usually happens when the group issues the invoice to the customer.

The following is a statement of contract assets

	As of December 31	
	2023	2022
Contract assets	105,188,220	104,506,419
Provision for expected credit losses	(8,485,263)	(4,993)
<b>Total</b>	<b>96,702,957</b>	<b>104,501,426</b>

The movement in expected credit losses is as follows

	As of December 31	
	2023	2022
At the beginning of the year	4,993	57,707
Formed (Reversed) during the year	8,480,270	(52,714)
<b>At the end of the year</b>	<b>8,485,261</b>	<b>4,993</b>

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31,

**2023(continued)**

(in Saudi Riyals)

### 9- Contract assets and receivables (continued)

#### Contract Liabilities

Contract Liabilities primarily relate to consideration received in advance, amounts billed to customers, and unearned revenue, for which revenue is recognized upon satisfying the performance obligations

	As of December 31	
	2023	2022
At the beginning of the year	134,317,281	90,498,609
Additions	572,533,502	642,657,752
Utilized	(604,842,373)	(599,143,126)
<b>At the end of the year</b>	<b>102,008,410</b>	<b>134,013,235</b>

### 10- Prepaid expenses and other current assets

	As of December 31	
	2023	2022
Recruitment costs (*)	25,202,466	71,245,798
Residence permits and work permits	47,275,595	68,031,751
Used visas (*)	19,209,320	22,874,043
Medical insurance	26,401,311	22,859,210
Advances to suppliers (10- C)	15,151,444	13,355,007
Letter of guarantee insurances	-	721,487
Other prepaid expenses	26,500,164	20,153,692
	<b>159,740,300</b>	<b>219,240,988</b>

(\*) The following is an analysis of recruitment and visa costs presented as current and non-current assets:

	As of December 31	
	2023	2022
Recruitment costs (10-A)	31,362,640	89,314,833
Used visas (10-B)	25,908,044	30,875,780
	<b>57,270,684</b>	<b>120,190,613</b>
Less: Current portion of recruitment costs	25,202,466	71,245,798
Less: Current portion of used visas	19,209,320	22,874,043
Non-current portion of recruitment and used visa costs	<b>12,858,898</b>	<b>26,070,772</b>

10 – A The movement in recruitment costs during the year was as follows

	As of December 31	
	2023	2022
At the beginning of the year	89,314,833	90,705,382
Additions during the year	33,816,056	110,582,338
Write-offs during the year	(91,768,249)	(111,972,887)
<b>At the end of the year</b>	<b>31,362,640</b>	<b>89,314,833</b>

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31,

**2023(continued)**

(in Saudi Riyals)

### 10- Prepaid expenses and other current assets (continued)

10-B The movement in used visas during the year was as follows

	As of December 31	
	2023	2022
At the beginning of the year	<b>30,875,780</b>	22,219,042
Transferred from available visas (Note 11)	<b>26,094,000</b>	35,858,000
Write-offs during the year	<b>(31,061,736)</b>	(27,201,262)
<b>At the end of the year</b>	<b>25,908,044</b>	30,875,780

10- C The analysis of advances to suppliers is as follows

	As of December 31	
	2023	2022
Advances to suppliers	<b>20,961,785</b>	15,787,456
Provision for expected credit losses	<b>(5,810,341)</b>	(2,432,449)
<b>Total</b>	<b>15,151,444</b>	13,355,007

The movement in expected credit losses is as follows

	As of December 31	
	2023	2022
At the beginning of the year	<b>2,432,449</b>	-
Component for the year	<b>3,377,892</b>	2,432,449
<b>At the end of the year</b>	<b>5,810,341</b>	2,432,449

### 11- Available visas

Available Visas represent the balance of unused visas as of the date of the consolidated financial statements. Amounts of available visas are transferred to used visas when visas are issued to recruited workers. The movement in available visas is shown below:

	As of December 31	
	2023	2022
At the beginning of the year	<b>24,856,000</b>	28,752,000
Visas purchased during the year	<b>34,302,000</b>	31,962,000
Converted to used visas (Note 10)	<b>(26,094,000)</b>	(35,858,000)
At the end of the year	<b>33,064,000</b>	24,856,000

### 12- Transactions and balances with related parties

The related parties consist of shareholders, senior management employees, board members, and entities under direct or indirect control or significant influence by these parties. The group engages in various transactions with related parties during its normal course of business. Transactions with related parties are conducted in accordance with the terms and conditions approved by the group's management or board of directors during the normal course of business.

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31,

**2023(continued)**

(in Saudi Riyals)

### 12- Transactions and balances with related parties (continued)

12-A The following is a statement of transactions with related parties

Name of the related party	Nature of the relationship	Nature of the transaction	For the year ended on December 31	
			2023	2022
Board members	Board of Directors	Remuneration of board members Payments	3,412,696	2,930,000
KABI Technology Company for Information Technology (formerly Blovo Limited Company)	Investee company	Rent	-	321,221
Al Mozn Technology Company for Communications and Information Technology	related party to a member of the Board of Directors	Manpower services Collection	14,536	782,081
Yellow Mix Foundation	A party related to a member of the Board of Directors	Manpower services Collection	127,478	231,519
Saudi Medical Systems Company	Associate company	Manpower services Collection	94,743	219,701
Care shield holding company	Associate company	Manpower services Collection	4,227,026	-
Other	Related Parties to a member of the Board of Directors	Manpower services Collection	3,227,844	-
			8,176,874	1,585,980
			8,200,658	1,585,980
			386,047	1,132,177
			407,964	1,069,662

### 12-B The amounts due from related parties

	As of December 31	
	2023	2022
KABI Technology Company for Information Technology (formerly Blovo Limited Company) (*)	1,648,460	1,648,460
Care shield Holding Company Limited	932,850	1,004,543
Yellow Mix Foundation	56,479	23,744
Saudi Medical Systems Company	999,181	-
Sajaya Medical Care Company	212,857	-
Other (**)	27,798	30,211
	<b>3,877,625</b>	<b>2,706,958</b>

## MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements for the year ended December 31,

2023(continued)

(in Saudi Riyals)

### 12- Transactions and balances with related parties (continued)

#### 12-C The amounts due to a related party

	As of December 31	
	2023	2022
Board members (Note 20-C)	<u>3,583,695</u>	<u>2,950,999</u>
	<b>3,583,695</b>	<b>2,950,999</b>

(\*) During the year 2022, the group acquired a 19.78% stake in the shares of KABI Technology Company for Information Technology, with a capital of 200 million Saudi Riyals through an in-kind share representing its entire stake in Blovo Limited Company, Note (18)

(\*\*) Other parties include Abdul Aziz Aidah Muftah Al Kathiri Establishment for Car Spare Parts Sajaya Healthcare Company, and Jazal Al Arabiya Company

The following statement shows the benefits of board members and senior management executives

	As of December 31	
	2023	2022
Short-term salaries and benefits	<u>12,813,563</u>	<u>12,115,005</u>
Defined benefits Liabilities	<u>3,817,738</u>	<u>1,541,106</u>
<b>Total compensation of senior management executives</b>	<b><u>16,631,301</u></b>	<b><u>13,656,111</u></b>



## MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements for the year ended December 31, 2023(continued)

(in Saudi Riyals)

### 13- Properties, plant, and equipment

	Lands	Buildings	Improvements on leased buildings	Furniture and fixtures	Office equipment	Vehicles	Total
<b>Cost</b>							
As of January 1, 2022	33,098,514	69,539,895	21,489,751	9,161,999	30,992,934	30,105,956	194,389,049
Additions	-	224,995	1,500,612	426,647	5,373,117	6,211,489	13,736,860
Related to acquisitions of a subsidiary company	-	-	254,703	15,738	66,287	-	336,728
Disposal	-	-	-	(542,199)	(734,058)	(810,143)	(2,086,400)
<b>As of December 31, 2022</b>	<b>33,098,514</b>	<b>69,764,890</b>	<b>23,245,066</b>	<b>9,062,185</b>	<b>35,698,280</b>	<b>35,507,302</b>	<b>206,376,237</b>
Additions	-	2,108,657	1,053,402	664,020	3,354,699	7,659,058	14,839,836
Disposal	-	-	-	(134,722)	(402,089)	(2,041,918)	(2,578,729)
<b>As of December 31, 2023</b>	<b>33,098,514</b>	<b>71,873,547</b>	<b>24,298,468</b>	<b>9,591,483</b>	<b>38,650,890</b>	<b>41,124,442</b>	<b>218,637,344</b>
<b>Accumulated depreciation</b>							
As of January 1, 2022	-	7,487,262	13,995,130	4,573,740	18,143,484	24,810,306	69,009,922
Related to the acquisition of a subsidiary company	-	-	-	567	13,556	-	14,123
Depreciation charge for the year	-	1,835,021	2,499,843	777,280	3,686,091	4,632,753	13,430,988
Disposal	-	-	0	(453,079)	(406,542)	(754,936)	(1,614,557)
<b>As of December 31, 2022</b>	<b>-</b>	<b>9,322,283</b>	<b>16,494,973</b>	<b>4,898,508</b>	<b>21,436,589</b>	<b>28,688,123</b>	<b>80,840,476</b>
Depreciation charge for the year	-	1,843,384	2,078,491	764,581	4,173,020	4,103,620	12,963,096
Disposal	-	-	-	(103,124)	(151,370)	(1,903,624)	(2,158,118)
<b>As of December 31, 2023</b>	<b>-</b>	<b>11,165,667</b>	<b>18,573,464</b>	<b>5,559,965</b>	<b>25,458,239</b>	<b>30,888,119</b>	<b>91,645,454</b>
<b>Net book value</b>							
<b>As of December 31, 2023</b>	<b>33,098,514</b>	<b>60,707,880</b>	<b>5,725,004</b>	<b>4,031,518</b>	<b>13,192,651</b>	<b>10,236,323</b>	<b>126,991,890</b>
As of December 31, 2022	33,098,514	60,442,607	6,750,093	4,163,677	14,261,691	6,819,179	125,535,761

Depreciation expense for property, plant, and equipment was distributed throughout the year as follows

	As of December 31	
	2023	2022
Revenue cost (Note 29)	<b>7,017,498</b>	8,326,341
General and administrative expenses (Note 30)	<b>5,907,382</b>	5,068,859
Selling and marketing expenses (Note 31)	<b>38,216</b>	35,788
<b>Total</b>	<b>12,963,096</b>	13,430,988

**MAHARAH FOR HUMAN RESOURCES COMPANY**

(Saudi Joint Stock Company)

**Notes to the Consolidated Financial Statements for the year ended December 31, 2023****(continued)****(in Saudi Riyals)****14- Investment properties**

<u>Cost</u>	<u>Lands</u>	<u>Buildings</u>	<u>Projects under implementation</u>	<u>Total</u>
As of January 1, 2022	18,148,500	-	19,804,374	37,952,874
Additions	-	346,317	-	346,317
Transfers	-	19,804,374	(19,804,374)	-
<b>As of December 31, 2022</b>	<b>18,148,500</b>	<b>20,150,691</b>	<b>-</b>	<b>38,299,191</b>
Additions	-	-	-	-
<b>As of December 31, 2023</b>	<b>18,148,500</b>	<b>20,150,691</b>	<b>-</b>	<b>38,299,191</b>
<u>Accumulated depreciation</u>				
As of January 1, 2022	-	-	-	-
Depreciation charge for the year ( Note 30)	-	499,613	-	499,613
<b>As of December 31, 2022</b>		<b>499,613</b>	<b>-</b>	<b>499,613</b>
Depreciation charge for the year ( Note 30)	-	503,768	-	503,768
<b>As of December 31, 2023</b>		<b>1,003,381</b>	<b>-</b>	<b>1,003,381</b>
<b>Net book value</b>				
<b>As of December 31, 2023</b>	<b>18,148,500</b>	<b>19,147,310</b>	<b>-</b>	<b>37,295,810</b>
As of December 31, 2022	18,148,500	19,651,078	-	37,799,578

The fair values of investment properties were determined by an independent external appraiser. The investment properties were evaluated by "Al Saedan Company" under license number .(1210001340) The appraisal company has recognized professional qualifications and recent experience in the location and category of the properties being evaluated. The fair value was .determined at SAR 37.3 million as of December 31, 2023 (December 31, 2022: SAR 37.8 million) The above investment properties are measured at fair value using the income approach, which is a valuation method that estimates the fair value of a property by calculating the present value of the future cash flows expected to be generated by the entity or asset over its lifetime

**15- Intangible assets**

	As of December 31	
	<u>2023</u>	<u>2022</u>
Intangible Assets - Goodwill	<b>3,310,639</b>	5,269,787
Intangible Assets - Other	<b>2,774,706</b>	2,603,209
	<b>6,085,345</b>	<b>7,872,996</b>

**Intangible Assets - Goodwill**

	As of December 31	
	<u>2023</u>	<u>2022</u>
TPHT Labor Services Center(*)	<b>3,001,536</b>	3,001,536
MBIL Building Maintenance Company LLC(**)	<b>309,103</b>	1,175,521
Shifa Arab Medical Company ("Shifa")(***)	-	819,550
TPHT Public Health Pest Control Services Company	-	273,180
Sole Proprietorship(****)		
	<b>3,310,639</b>	<b>5,269,787</b>

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements for the year ended December 31, 2023

(continued)

(in Saudi Riyals)

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## 15- Intangible assets (continued)

(\*)As of January 1, 2018, Masnad, a subsidiary company, acquired a 70% ownership stake in TPHT Labor Services Center. The total consideration was SAR 10.2 million. The acquisition was accounted for using the purchase method. The fair value of the net assets acquired was SAR 7.2 million, resulting in goodwill of SAR 3 million. TPHT Labor Services Center is licensed to provide cleaning services for buildings and basic services for residential properties

(\*\*) On January 1, 2018, TBH Domestic Labor Services Center fully acquired MBL Building Maintenance Company for a total consideration of 1.5 million Saudi riyals. The fair value of the net assets acquired was 305,074 Saudi riyals, resulting in goodwill worth 1.2 million Saudi riyals. MBL Building Maintenance Company is licensed to provide building maintenance services. The group conducted a goodwill impairment test during the year ending December 31, 2023, which resulted in a goodwill impairment test of 866,418 Saudi riyals.

(\*\*\*) On Jumada Al-Akhirah 1443 AH (corresponding to January 13, 2022), Masar Al-Nomou 10 Company, a subsidiary, completed the acquisition procedures of 85% ownership of Shifa Al-Arabiya Medical Company ("Shifa") for 85,000 Saudi Riyals. The acquisition was accounted for using the purchase method. The fair value of the net liabilities assumed was 734,550 Saudi Riyals resulting in goodwill of 819,550 Saudi Riyals. Shifa Al-Arabiya Medical Company is licensed to operate medical operations in hospitals, provide home healthcare services, mobile medical clinics pain relief centers, remote care centers, and telemedicine (see Note 40) the group conducted an impairment test for goodwill during the year ending December 31, 2023, which resulted in a complete impairment of the goodwill.

(\*\*\*\*) On January 1, 2018, TP Hatch Labor Services Center fully acquired TP Hatch Public Health Pest Control Services Company for a total consideration of 1.2 million Saudi Riyals. The fair value of the net assets acquired was 952,140 Saudi Riyals, resulting in goodwill of 273,180 Saudi Riyals. TP Hatch Public Health Pest Control Services Company is licensed to provide building cleaning services and public health pest control services the group conducted an impairment test for goodwill during the year ending December 31, 2023, which resulted in a complete impairment of the goodwill.

### **Impairment Test**

Management conducts an impairment test annually to ensure any decrease in its value. For the year ended December 31, 2022, management determined that the carrying amount of goodwill was less than its recoverable amount. The recoverable amount was determined based on discounted cash flow calculations, using cash flow projections over a five-year period according to the financial budgets approved by management. Cash flows beyond the budget are extrapolated using the estimated growth rate for each company. Management believes that the assumptions regarding the growth rate do not exceed the average long-term growth rates for the activities carried out by the companies

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements for the year ended December 31, 2023

(continued)

(in Saudi Riyals)

## 15- Intangible assets (continued)

### Impairment Test (continued)

The following are the key assumptions used in the calculation of the present value

	<b>,December 31 2023</b>	,December 31 2022
Discount Rate	<b>16.6% - 15.1%</b>	%25 - %19
Average Annual Sales Growth Rate	<b>5.6%</b>	%10 - %7
Terminal Growth Rate	<b>1.1%</b>	%2

The discount rates represent pre-zakat rates and reflect the specific risks associated with the subsidiary companies Management has determined the total estimated margin based on past performance and its expectations regarding market developments.

### The impact of changes in assumptions

Regarding the evaluation of the current value of subsidiary companies, any reverse changes in the basic assumptions will result in a loss of value decrease. The basic assumptions represent the final growth rates and discount rates used, where reasonable possible changes may result in a decrease in value

### Intangible Assets - Other

	As of December 31	
	<b>2023</b>	2022
Management licenses	<b>1,476,568</b>	1,843,821
Other intangible assets	<b>1,298,139</b>	759,388
	<b><u>2,774,707</u></b>	<u>2,603,209</u>

(in Saudi Riyals)

	<b>Management licenses</b>	<b>Customer relationships</b>	<b>Other intangible assets</b>	<b>Total</b>
<b>Cost</b>				
As of January 1, 2022	3,672,537	3,268,266	2,010,595	8,951,398
Additions	-	-	2,300	2,300
<b>As of December 31, 2022</b>	<b>3,672,537</b>	<b>3,268,266</b>	<b>2,012,895</b>	<b>8,953,698</b>
Additions	-	-	710,501	710,501
<b>As of December 31, 2023</b>	<b>3,672,537</b>	<b>3,268,266</b>	<b>2,723,396</b>	<b>9,664,199</b>
<b>Accumulated Amortization</b>				
As of January 1, 2022	1,461,462	3,268,266	1,029,321	5,759,049
Extinguishing loaded for the year (clarification 30)	367,254	-	224,186	591,440
As of December 31, 2022	1,828,716	3,268,266	1,253,507	6,350,489
Extinguishing loaded for the year (clarification 30)	367,254	-	171,750	539,004
<b>As of December 31, 2023</b>	<b>2,195,970</b>	<b>3,268,266</b>	<b>1,425,257</b>	<b>6,889,493</b>
<b>Net book value</b>				
<b>As of December 31, 2023</b>	<b>1,476,567</b>	<b>-</b>	<b>1,298,139</b>	<b>2,774,706</b>
<b>As of December 31, 2022</b>	<b>1,843,821</b>	<b>-</b>	<b>759,388</b>	<b>2,603,209</b>

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023

(continued)

(in Saudi Riyals)

### 15- Intangible assets (continued)

Licenses for managing and customer relations are considered intangible assets acquired through business combination operations. Licenses for management have been granted by the UAE Ministry of Human Resources and Emiratization to provide recruitment and care services for domestic workers, while customer relationships related to current clients of TPHTC for auxiliary labor services consist of clients of residential building cleaning services throughout the United Arab Emirates

### 16- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist of the following

	As of December 31	
	2023	2022
Investment funds - Sukuk (A)	10,070,833	25,099,306
Investment funds - Feasibility for investment (B)	60,212,877	-
	<u>70,283,710</u>	<u>25,099,306</u>

- A. This item represents investments in some long-term Sukuk, which were purchased for 25 million Saudi Riyals and 14 million Saudi Riyals from Rabigh 4 and 7 series Sukuk and the first tranche Sukuk of Alinma Bank for the year 2021, respectively. The Group considers its investments to be of a strategic nature and compliant with Islamic law, and that contractual cash flows are not limited to the original amount and commission only
- B. This item represents investments in an investment feasibility fund Class A, where the fund invests to achieve short-term Sharia-compliant returns through investing in Murabaha transactions and bank deposits (the fund may also invest in Sukuk when suitable investment opportunities arise). Compliant with Islamic law, as of December 31, 2023, the number of units purchased from the fund was 548,567.7129 and their market value was 60,212,877 Riyals

The following is a statement of the movement in the book value of financial assets at fair value through profit or loss

	As of December 31	
	2023	2022
<b>Cost</b>		
At the beginning of the year	25,000,000	98,571,697
Additions	60,000,000	-
<b>Disposal</b>	(15,000,000)	(74,512,553)
Transferred	-	940,856
<b>At the end of the year</b>	<u>70,000,000</u>	<u>25,000,000</u>
<b>Revaluation adjustments</b>		
At the beginning of the year	99,306	1,002,962
Net profit during the year	840,895	3,160,719
<b>Disposal</b>	(656,491)	(4,064,375)
<b>At the end of the year</b>	<u>283,710</u>	<u>99,306</u>
<b>Net book value at the end of the year</b>	<u>70,283,710</u>	<u>25,099,306</u>

**MAHARAH FOR HUMAN RESOURCES COMPANY**

(Saudi Joint Stock Company)

**Notes to the Consolidated Financial Statements for the year ended December 31, 2023****(continued)****(in Saudi Riyals)****17- Right-of-use assets and lease liabilities****Right-of-use assets**

	As of December 31	
	<u>2023</u>	<u>2022</u>
At the beginning of the year	<b>87,753,128</b>	57,168,236
Additions	<b>38,232,579</b>	35,861,668
Disposal	<b>(21,530,484)</b>	(5,276,776)
<b>At the end of the year</b>	<b>104,455,223</b>	87,753,128
<b><u>Accumulated depreciation</u></b>		
At the beginning of the year	<b>44,728,707</b>	30,395,960
Consumption of the year (Note 29)	<b>19,754,488</b>	15,086,989
Disposal	<b>(9,005,493)</b>	(754,242)
<b>At the end of the year</b>	<b>55,477,702</b>	44,728,707
<b>Net book value at the end of the year</b>	<b>48,977,522</b>	43,024,421

**Lease liabilities**

	As of December 31	
	<u>2023</u>	<u>2022</u>
At the beginning of the year	<b>42,245,641</b>	24,350,964
Additions	<b>38,232,579</b>	35,861,668
Disposal	<b>(12,000,712)</b>	(3,863,981)
Financing costs (Note 32)	<b>2,668,656</b>	1,132,673
Paid	<b>(21,226,861)</b>	(15,235,683)
<b>At the end of the year</b>	<b>49,919,303</b>	42,245,641
<b>The circulated part is released (Note 20 )</b>	<b>(20,194,136)</b>	(11,026,528)
<b>The non-traded part</b>	<b>29,725,167</b>	31,219,113

**18- Financial assets at fair value through other comprehensive income**

The financial assets at fair value are composed of comprehensive income from the following

	<b>December 31, 2023</b>	,December 31 2022
Kaby Technology Company for Information Technology (A)	<b>11,496,186</b>	13,985,656
	<b>11,496,186</b>	13,985,656

The statement below shows the movement in the value of investments in financial assets at fair value through other comprehensive income

	<b>December 31, 2023</b>	,December 31 2022
At the beginning of the period	<b>13,985,656</b>	-
Additions		13,985,656
Unrealized gains (losses)	<b>(2,489,470)</b>	-
<b>At the end of the period</b>	<b>11,496,186</b>	13,985,656

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023

(continued)

(in Saudi Riyals)

### 18- Financial assets at fair value through other comprehensive income (continued)

During the year 2022, the Group owned a 19.78% stake in Capi Technology Company for Information Technology, with a capital of 200 million Saudi Riyals, through an in-kind stake "representing its entire share in Blovo Limited. The Group does not have a "significant influence either through ownership percentage (less than 20%) or through other methods indicating a significant influence" of the Group on the financial and operational policies of Capi Technology" Company. The purpose of this investment is to retain it for medium to long-term strategic purposes. As a result, the Group has decided to choose the fair value method through other comprehensive income, because short-term fluctuations in the fair value of these investments in net income will not align with the Group's strategy of preserving investments for long-term purposes.

### 19- Investment in associate companies

The group has invested in affiliate companies, the following is a statement of these affiliate companies as of December 31, 2023

		As of December 31	
	<u>The</u>	<u>2023</u>	<u>2022</u>
	<u>percentage</u>		
Saudi Medical Systems Company	<b>%40</b>	<b>330,113,464</b>	314,496,163
Care shield Holding Company Limited	<b>%41.36</b>	<b>452,299,413</b>	434,818,412
Silias Trading & Marketing Company	<b>%20</b>	<b>3,172,991</b>	3,750,000
		<b><u>785,585,868</u></b>	<u>753,064,575</u>

The movement was an investment in peer companies as follows

	As of December 31	
	<u>2023</u>	<u>2022</u>
		<u>Restated</u>
At the beginning of the year	<b>753,064,575</b>	14,065,841
Additions	-	737,468,509
Converted to financial assets at fair value through other comprehensive income(*)	-	(13,985,656)
<u>Group's share of</u>	-	-
Results of associate companies	<b>55,585,021</b>	20,756,602
Dividends	<b>(7,755,555)</b>	-
Derecognition of resident assets at fair value due to acquisition(**)	<b>(16,907,467)</b>	(4,879,008)
Group's share in other comprehensive income of associate companies	<b>1,599,294</b>	(361,713)
<b>At the end of the year</b>	<b><u>785,585,868</u></b>	<u>753,064,575</u>

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements for the year ended December 31, 2023

(continued)

(in Saudi Riyals)

## 19- Investment in associate companies

The tables below provide summarized financial information for the consolidated financial statements of the key associate companies

As of December 31, 2023	Silias Trading & Marketing Company	Saudi Medical Systems Company	Care shield Holding Company Limited
Total current assets	169,579	502,058,698	300,458,948
Total non-current assets	664,451	44,463,604	296,037,029
Total current liabilities	(1,381,946)	(217,624,051)	(148,662,470)
Total non-current liabilities	(2,352)	(62,998,312)	(110,753,600)
Net assets	(550,268)	265,899,939	337,079,907

<u>As of December 31, 2022</u>	Silias Trading & Marketing Company	Saudi Medical Systems Company	Care shield Holding Company Limited
Total current assets	350,868	292,942,671	261,382,755
Total non-current assets	2,644	15,050,956	259,261,719
Total current liabilities	(2,606,601)	(86,424,692)	(126,285,943)
Total non-current liabilities	(2,745,907)	(31,445,274)	(123,329,661)
Net assets	(2,392,395)	190,123,661	271,028,870

The tables below provide summarized financial information for the consolidated statement of comprehensive income of the key associate companies

<u>For the year ended December 31, 2023</u>	Silias Trading & Marketing Company (*)	Saudi Medical Systems Company	Care shield Holding Company Limited	Total
Revenues	1,221,015	500,596,290	431,896,155	933,713,460
Direct costs	(1,551,892)	(378,533,371)	(294,056,329)	(674,141,592)
<b>Total profit</b>	<b>(330,878)</b>	<b>122,062,919</b>	<b>137,839,826</b>	<b>259,571,867</b>
General and administrative expenses	(1,919,331)	(38,653,487)	(50,537,809)	(91,110,627)
(Losses) reversal of expected credit losses	-	(3,158,715)	(23,627,916)	(26,786,631)
Financing costs	-	(1,896,904)	(5,095,720)	(6,992,624)
Other income	26,135	4,041,727	8,637,590	12,705,452
Zakat	-	(6,500,000)	(5,147,256)	(11,647,256)
<b>Profit for the year</b>	<b>(2,224,074)</b>	<b>75,895,540</b>	<b>62,068,715</b>	<b>135,740,181</b>
<b>The percentage</b>	<b>20%</b>	<b>40%</b>	<b>41.36%</b>	
<b>Group's share in results</b>	<b>(444,816)</b>	<b>30,358,216</b>	<b>25,671,621</b>	<b>55,585,021</b>
Total other comprehensive income for the year	-	(119,262)	3,982,106	3,862,844
<b>Group's share in other comprehensive income for the year</b>	<b>-</b>	<b>(47,705)</b>	<b>1,646,999</b>	<b>1,599,294</b>



**MAHARAH FOR HUMAN RESOURCES COMPANY**

(Saudi Joint Stock Company)

**Notes to the Consolidated Financial Statements for the year ended December 31, 2023****(continued)****(in Saudi Riyals)****19- Investment in associate companies (continued)**

For the year ending December 31, 2022	<b>Silias Trading &amp; Marketing Company</b>	<b>Saudi Medical Systems Company</b>	<b>Care shield Holding Company Limited</b>	<b>Total</b>
Revenues	-	397,549,525	370,270,155	767,819,680
Direct costs	-	(296,949,496)	(283,290,764)	(580,240,260)
<b>Gross profit</b>	-	<b>100,600,029</b>	<b>86,979,391</b>	<b>187,579,420</b>
General and administrative expenses	-	(6,394,328)	(29,048,987)	(35,443,315)
(Losses) Reverse of expected credit losses	-	(419,111)	736,107	316,996
Financing costs	-	(1,895,370)	(4,608,623)	(6,503,993)
Other income	-	(86,361)	3,186,651	3,100,290
Zakat	-	(4,501,250)	(5,095,513)	(9,596,763)
<b>Profit for the year</b>	-	<b>87,303,609</b>	<b>52,149,026</b>	<b>139,452,635</b>
<b>Deducts:</b> pre-acquisition results	-	57,194,309	31,083,064	88,277,373
Post-acquisition results	-	30,109,300	21,065,962	51,175,262
The Percentage	20%	40%	41,36%	
<b>Group share in results</b>	-	<b>12,043,720</b>	<b>8,712,882</b>	<b>20,756,602</b>
Total other comprehensive income for the year	-	(489,186)	(1,040,716)	(1,529,902)
Pre-acquisition comprehensive income	-	661,004	-	661,004
<b>Post-acquisition comprehensive income</b>	-	171,818	(1,040,716)	(868,898)
<b>The group's share of other comprehensive income for the year</b>	-	<b>68,727</b>	<b>(430,440)</b>	<b>(361,713)</b>

\* The group acquired a 20% stake in Silias Trading Company on December 31, 2022, and accordingly, the financial statements were included in the comprehensive income statement beginning with the year ending December 31, 2023.

**MAHARAH FOR HUMAN RESOURCES COMPANY**

(Saudi Joint Stock Company)

**Notes to the Consolidated Financial Statements for the year ended December 31, 2023****(continued)****(in Saudi Riyals)****20- Trade Payables, amounts due for payment and other current liabilities**

	As of December 31	
	2023	2022
Travel tickets and accrued vacations	101,553,448	96,785,567
Salaries and other employee expenses due	75,847,491	37,557,991
Trade creditors	33,583,051	27,810,645
Value Added Tax	21,981,470	15,630,486
Bonuses and incentives due	13,356,200	12,397,772
Current portion of lease liabilities (Note 17)	20,194,136	11,026,528
Amounts due to related parties (Note 12)	3,583,695	2,950,999
Operating risk provision	-	753,742
Other	11,188,231	18,987,794
	<u>281,287,722</u>	<u>223,901,524</u>

**21- Retained Deposits**

	As of December 31	
	2023	2022
At the beginning of the year	99,141,138	93,361,120
Additions	20,785,730	28,185,482
Refundable	(24,392,677)	(22,405,464)
<b>At the end of the year</b>	<u>95,534,191</u>	<u>99,141,138</u>

**22- Zakat**

The Zakat chargeable for the year consists of the following

	As of December 31	
	2023	2022
At the beginning of the year	15,745,030	16,606,102
Provision for the year	9,945,941	14,739,039
Paid during the year	(11,345,283)	(15,600,111)
<b>At the end of the year</b>	<u>14,345,688</u>	<u>15,745,030</u>

The Zakat provision was calculated based on the following

	As of December 31	
	2023	2022
Shareholders' equity, opening balance	558,843,027	572,438,747
Income before Zakat	105,005,019	166,364,996
Initial provisions and adjustments	164,134,474	245,775,057
Non-current liabilities	669,430,349	677,703,925
Non-current assets	(1,099,575,229)	(1,072,721,165)
<b>Zakat base</b>	<u>397,837,640</u>	<u>589,561,560</u>

Some of the above-mentioned amounts have been adjusted to arrive at the Zakat chargeable for the year

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements for the year ended December 31, 2023

(continued)

(in Saudi Riyals)

## Zakat Assessments

### Parent company

The company has submitted its Zakat declarations for all previous years up to the year ended December 31, 2021. All Zakat bonds conducted by the Zakat, Tax, and Customs Authority ("the Authority") have been approved, except for the Zakat bonds for the years 2018 and 2021, which are still under review by the Authority

### Subsidiary companies

Attiyaf has submitted its Zakat declarations for all previous years up to the year ended December 31, 2021. The company has only been linked by the Zakat, Tax, and Customs Authority for the years 2021, 2016, and 2015, and there are no other Zakat bonds as of the date of preparing the financial statements. Masar Al-Nomou Company has submitted its Zakat declaration for the year ended December 31, 2021. No bonds have been conducted by the Authority as of the date of preparing the financial statements.

## 23- long term loans

During the year 2022, the group signed Islamic Sharia-compliant credit facilities agreements with local banks for the purpose of financing capital expenditures, expanding operations, acquisitions and funding operational expenses. The amount utilized from the facilities reached 562.6 million Saudi Riyals. The facilities agreements include a grace period ranging from two to four years depending on the type of facility used by the group, with a profit margin added to it, Saibor, and a repayment period ranging from three to five years after the grace period through a repayment schedule. The following statement shows the facilities utilized

	As of December 31	
	2023	2022
Current portion	18,130,437	-
The non-traded part	544,477,273	562,607,710
	<u>562,607,710</u>	<u>562,607,710</u>

The following statement shows the movement on long-term loans for the year

	As of December 31	
	2023	2022
At the beginning of the year	562,607,710	-
Received during the year	-	562,607,710
<b>At the end of the year</b>	<u>562,607,710</u>	<u>562,607,710</u>

## 24- Employee benefit obligations

The group provides specific benefits ("Benefits Program") to its employees in compliance with the labor laws in the Kingdom of Saudi Arabia and the United Arab Emirates. The benefits granted under this Benefits Program represent a fixed amount calculated based on employees' salaries allowances, and years of cumulative service as of the termination date

The obligation of the benefits established in the unified financial statements regarding the defined end-of-service reward program represents the present value of the *defined benefits* obligation as of the date of preparing the unified financial statements

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements for the year ended December 31, 2023

(continued)

(in Saudi Riyals)

## 24- Employee benefit obligations (continued)

The *defined benefits* are periodically calculated by qualified actuaries using the expected credit unit method. The present value of the *defined benefits* obligation is determined by discounting estimated future cash outflows using yields on high-quality corporate bonds denominated in the currency in which the benefits will be paid. In countries where there are no deep markets for these bonds, market rates on government bonds are used.

Amounts of actuarial gains and losses on the *defined benefits* obligation, if any, are recognized and included in the actuarial gains and losses revaluation operations, within the unified other comprehensive income statement, and the accumulated actuarial gains or losses are included in the unified statement of changes in equity.

The following table illustrates the movement in the *defined benefits* obligation for the year

	As of December 31	
	2023	2022
<b>Opening balance</b>	<b>83,877,102</b>	75,140,482
Related to the acquisition of a subsidiary (Note 40)	-	12,828
Current service cost	<b>24,806,863</b>	21,340,720
Financing costs (Note 31)	<b>2,982,071</b>	741,331
<b>Amounts recognized in the unified profit or loss statement</b>	<b>27,788,934</b>	22,094,879
Financial assumptions		(3,293,000)
Experience adjustments	<b>3,161,652</b>	8,136,415
<b>Amounts included in the unified other comprehensive income statement</b>	<b>3,161,652</b>	4,843,415
Benefits paid during the year	<b>(19,599,778)</b>	(18,201,674)
<b>Closing balance</b>	<b>95,227,910</b>	83,877,102

### Key actuarial assumptions

The following are the key actuarial assumptions used in calculating the defined benefit obligation

		2023	2022
Total discount rate		<b>%5.10</b>	%4.5
Salary increase rate	Employees	<b>%10</b>	%10
	Labor	<b>%0</b>	%0
	Domestic workers	<b>%0</b>	%0
Attrition rate		<b>%40</b>	%40
Pre-contract attrition rate	Employees	<b>%20</b>	%20
	Labor	<b>%40</b>	%40
Retirement age		<b>60-55</b>	60-55

# MAHARAH FOR HUMAN RESOURCES COMPANY

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Notes to the Consolidated Financial Statements for the year ended December 31, 2023

(continued)

(in Saudi Riyals)

## 24- Employee benefit obligations (continued)

### Sensitivity analysis

Results are affected by the assumptions used, especially the assumption of attrition due to the short period of program requirements. The table below shows the change in the defined benefit obligation based on the increase or decrease in the value of the key assumptions as follows

	Change in Assumptions	Key value Saudi Riyal	Impact on the defined benefit obligation	
			Increase in assumptions Saudi Riyal	Decrease in assumptions Saudi Riyal
<b><u>December 31, 2023</u></b>				
Discount Rate	%0.25	94,940,024	87,819,000	88,721,000
Salary increase rate	%0.25	94,940,024	88,721,000	88,140,000
Attrition rate	or 50% %30	94,940,024	85,990,000	91,459,000
<b><u>December 31, 2022</u></b>				
Discount Rate	%0.25	83,877,102	75,853,000	76,645,000
Salary increase rate	%0.25	83,877,102	76,645,000	76,134,000
Attrition rate	or 50% %30	83,877,102	73,937,000	79,430,000

## 25- Capital

The authorized and issued capital consists of 47.5 million shares (31 December 2022 37.5 million shares) with a par value of 10 Saudi Riyals each

On 19 Dhu al-Qi'dah 1444 AH (corresponding to 08 June 2023), the Extraordinary General Assembly approved, based on the recommendation of the Board of Directors dated 14 Sha'ban 1444 AH (corresponding to 6 March 2023), an increase in the company's capital to support its financial position, funded by capitalizing 100 million Saudi Riyals from the company's retained earnings. The company's capital was increased by issuing bonus shares, one share for every five shares resulting in 7.5 million bonus shares and allocating another 2.5 million shares from the capital increase representing 5.3% of the total new capital as treasury shares worth 25,000,000 Saudi Riyals for the purpose of establishing an employee share program in the company (long-term incentive plan)

## 26- Reserves

### Statutory reserve

According to the Group's Articles of Association, the company must transfer 10% of the profit for the year to the statutory reserve. The Group may stop such transfer when the total of this reserve reaches 30% of the capital. Therefore, the Group transferred 10% of the profit during the year. This reserve is not distributable

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023

(continued)

(in Saudi Riyals)

### Other reserves

The movement in other reserves is as follows

	(in Saudi Riyals)				
	Cumulative translation reserve	Accumulated actuarial losses	Change in fair value of financial assets at fair value through other comprehensive income	Deducts NCI's share of other reserves.	Total
As of January 1, 2022	(2,161)	(11,355,000)	-	-	(11,357,161)
Remeasurement of end of service benefits for employees (Note 24)	-	(4,843,415)	-	22,041	(4,821,374)
Share in other comprehensive income of associate companies (Note 19)	-	(361,713)	-	-	(361,713)
As of December 31, 2022	(2,161)	(16,560,128)	-	22,041	(16,540,248)
Remeasurement of end of service benefits for employees (Note 24)	-	(3,161,652)	-	(27,735)	(3,189,387)
Unrealized gains (losses) on investments in other comprehensive income	-	-	(2,489,470)	-	(2,489,470)
Share in other comprehensive income of associate companies (Note 19)	-	1,599,294	-	-	1,599,294
As of December 31, 2023	(2,161)	(18,122,486)	(2,489,470)	(5,694)	(20,619,811)

### **27- Dividends**

#### **For the year ended December 31, 2023**

The Board of Directors of the Group decided, under the authority granted to it, at its meeting held on 14 Sha'ban 1444 H (corresponding to March 6, 2023), to declare interim dividends for the second half of 2022 in the amount of 37.5 million Saudi Riyals (1 Saudi Riyal per share), which were paid on 20 Sha'ban 1444 H (corresponding to March 12, 2023). This decision was presented to the shareholders and approved at the Annual General Meeting held on 19 Dhu al-Qi'dah 1444 H (corresponding to June 8, 2023). The Board of Directors of the Group decided, under the authority granted to it, at its meeting held on 2 Safar 1445 H (corresponding to August 27, 2023), to declare interim dividends for the first half of 2023 in the amount of 45 million Saudi Riyals (1 Saudi Riyal per share), which were paid on 15 Safar 1445 H (corresponding to September 10, 2023). This decision will be presented to the shareholders at the next Annual General Meeting

#### **For the year ended December 31, 2022**

The Board of Directors of the Group decided at its meeting held on 7 Sha'ban 1443 H (corresponding to March 10, 2022) to declare interim dividends for the second half of 2021 in the amount of 75 million Saudi Riyals (2 Saudi Riyals per share), which were paid on 26 Sha'ban 1443 H (corresponding to March 29, 2022). This decision was presented to the shareholders and approved at the Annual General Meeting held on 29 Dhu al-Qi'dah 1443 H (corresponding to June 28, 2022). In its meeting held on Safar 2, 1444 AH (corresponding to August 29, 2022), the Group's Board of Directors decided to announce interim dividends for the first half of 2022 in the amount of 46.8 million Saudi riyals (1.25 Saudi riyals per share), which were paid. On Safar 18, 1444 AH (corresponding to September 14, 2022). The Board of Directors presented this resolution to the shareholders and approved it at the annual general assembly meeting held on 1443 AH (corresponding to 2022)

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023

(continued)

(in Saudi Riyals)

### 28- Revenues

Revenues are broken down by sector, client and contract type as well as contract duration (revenue timing). Revenues between group companies were eliminated when consolidating the financial statements

#### Sector type

For the year ended on December  
31

	<u>2023</u>	<u>2022</u>
Individuals	447,300,118	497,785,852
Industrial and operational	463,311,911	319,623,683
Retail and Commercial	412,320,772	286,818,798
Hospitality and Healthcare	407,112,378	387,614,705
Facility management	86,785,487	156,273,228
Esnad sector	57,955,960	30,753,122
Other	15,231,894	4,725,285
	<u>1,890,018,520</u>	<u>1,683,594,673</u>

#### Client type

For the year ended on December  
31

	<u>2023</u>	<u>2022</u>
Private companies	1,490,268,194	1,152,822,807
Individuals	390,078,322	497,785,852
Governmental and semi-governmental companies	9,672,004	32,986,014
	<u>1,890,018,520</u>	<u>1,683,594,673</u>

#### Type of contracts

For the year ended on December  
31

	<u>2023</u>	<u>2022</u>
Corporate sector	1,442,718,406	1,185,808,821
Partition	344,915,492	410,399,774
"Hourly service"	102,384,622	87,386,078
	<u>1,890,018,520</u>	<u>1,683,594,673</u>

#### Duration of contracts

For the year ended on December 31

	<u>2023</u>	<u>2022</u>
More than a year	1,442,718,406	1,185,808,821
Less than a year	447,300,114	497,785,852
	<u>1,890,018,520</u>	<u>1,683,594,673</u>

The group follows a revenue recognition policy over time, whereby all revenues are recognized over the contract period in which the services are provided

**MAHARAH FOR HUMAN RESOURCES COMPANY**

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**Notes to the Consolidated Financial Statements for the year ended December 31, 2023****(continued)****(in Saudi Riyals)****28- Cost of revenues**

	For the year ended on December 31	
	<u>2023</u>	<u>2022</u>
Costs of employees and labor	<b>1,080,368,615</b>	915,224,476
Residence permits and work permits	<b>259,694,316</b>	227,254,666
Costs of recruitment and visas	<b>124,924,812</b>	139,040,551
Vacation salaries and tickets	<b>61,418,706</b>	61,504,833
Other employees' costs	<b>50,668,991</b>	52,212,850
Consumption Note (17 and 20)	<b>25,959,811</b>	23,413,330
Another	<b>51,274,586</b>	35,725,250
	<b><u>1,654,309,837</u></b>	<b><u>1,454,375,956</u></b>

Direct employee costs for the fiscal year ending December 31, 2022 amounted to SAR 1,340,551,539 (2021: SAR 1,053,604,495).

**29- General and administrative expenses**

	For the year ended on December 31	
	<u>2023</u>	<u>2022</u>
Employee costs	<b>65,657,477</b>	62,975,023
Professional fees	<b>6,266,161</b>	12,373,945
) Consumption Note (and 14 13	<b>7,583,608</b>	5,568,472
Public benefits and subscriptions	<b>3,412,696</b>	2,930,000
) Board of Directors' Remuneration Note (12	<b>2,846,454</b>	4,100,313
Committee rewards	<b>2,622,785</b>	2,074,008
Repair and maintenance	<b>838,099</b>	826,904
Rent	<b>99,791</b>	646,414
Bank fees	<b>630,568</b>	621,959
) Extinguishing Note (15	<b>180,677</b>	591,440
Another	<b>5,629,434</b>	5,792,588
	<b><u>95,767,750</u></b>	<b><u>98,501,066</u></b>

**30- Selling and marketing expenses**

	For the year ended on December 31	
	<u>2023</u>	<u>2022</u>
Advertising and promotion	<b>6,539,657</b>	6,677,745
Marketing commission	<b>5,930,875</b>	3,331,818
Employee costs	<b>3,820,581</b>	3,531,568
Consumption (Note 13)	<b>36,259</b>	35,788
Another	<b>527,662</b>	565,957
	<b><u>16,855,034</u></b>	<b><u>14,142,876</u></b>



# MAHARAH FOR HUMAN RESOURCES COMPANY

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## Notes to the Consolidated Financial Statements for the year ended December 31, 2023

(continued)

(in Saudi Riyals)

### 31- Financing costs

	For the year ended on December 31	
	2023	2022
Costs related to long-term loans financing	38,530,963	8,677,895
Financing costs related to lease obligations (Note 17)	2,668,656	1,132,673
Financing costs related to employee benefit obligations (Note 24)	2,982,071	741,331
	<u>44,181,690</u>	<u>10,551,899</u>

### 32- Other income

	For the year ended on December 31	
	2023	2022
Rentals	4,457,385	2,457,706
Profits from Murabaha term deposits (Notes 6 and 7)	1,780,757	709,839
Profits from the sale of property and equipment	1,150,504	33,017
Recruitment support revenues	7,641,061	3,843,768
Reversing the entry of accrued salaries is no longer required	-	15,086
Others	1,231,791	1,964,574
	<u>16,261,498</u>	<u>9,023,990</u>

### 33- Earnings per share

Basic earnings per share attributable to the shareholders of the parent company are calculated on the basis of the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated by adjusting basic earnings per share for the weighted average of additional ordinary shares that would have been issued upon conversion of all potentially dilutive shares into ordinary shares. The weighted average number of shares as of December 31, 2023 was 45 million shares after the company's capital increase through the issuance of free shares to shareholders. The weighted average number of shares was applied to the comparative year with a retrospective effect for the purpose of calculating earnings per share, and the impact of treasury shares formation from these free shares was also excluded.

	For the year ended on December 31	
	2023	2022 Restated
Profit for the year attributable to the shareholders of the parent company	97,047,926	113,462,364
Weighted average number of shares	45,000,000	45,000,000
<b>Basic and diluted earnings per share</b>	<u>2.16</u>	<u>2.52</u>

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements for the year ended December 31, 2023

(continued)

(in Saudi Riyals)

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## 34- Segment information

The operating segment is one of the components of the group that

- ,Engages in activities from which revenues can be generated and expenses incurred
- Its results are regularly audited by management for the purpose of making decisions related to resource allocation and performance evaluation
- Financial information is available

The accounting policies used by the group in preparing reports on segments internally are the same as those in Note in these consolidated financial statements (4)

The group consists of the following main business segments

Corporate sector: This sector relates to services provided to companies with contract durations of two years

Individual sector: This sector relates to services ranging from labor leasing to "service" services for individual clients with contract durations ranging from an hour to a year

The segment reports are consistent in all periods presented, as there have been no changes in the internal organizational structure of the group that would change the composition of the segments reported on

Transfers between operating segments are made based on fair dealing terms and in a manner similar to transactions with other parties

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

## Notes to the Consolidated Financial Statements for the year ended December 31, 2023(continued)

(Amounts in Saudi Riyals unless otherwise stated)

### 35- Segment information (continued)

The following tables present revenue and profit information for the Group's operating segments as follows:

For the year ended December 31, 2023

	Corporate sector	Individuals sector	Facilities management	Other	Total	Eliminations	Total
Revenues	1,338,256,390	449,744,752	127,747,818	46,921,612	1,962,670,572	(72,652,052)	1,890,018,520
Cost of revenues	(1,136,395,391)	(405,253,276)	(123,706,752)	(61,606,470)	(1,726,961,889)	72,652,052	(1,654,309,837)
Total profit	201,860,999	44,491,476	4,041,066	(14,684,858)	235,708,683		235,708,683
General and administrative expenses	(51,109,438)	(22,073,530)	(12,573,513)	(10,011,269)	(95,767,750)	-	(95,767,750)
Selling and marketing expenses	(10,358,394)	(5,799,985)	-	(696,655)	(16,855,034)	-	(16,855,034)
Expected credit losses	(16,012,570)	(10,444,617)	(1,265,882)	-	(27,723,068)	-	(27,723,068)
Operating profit	124,380,597	6,173,344	(9,798,329)	(25,392,782)	95,362,831	-	95,362,831

For the year ended on December 31, 2022 (amended)

	Corporate sector	Individuals sector	Facilities management	Other	Total	Eliminations	Total
Revenues	1,096,009,467	497,589,053	156,273,229	5,862,578	1,755,734,327	(72,139,654)	1,683,594,673
Cost of revenues	(930,170,480)	(419,001,604)	(158,811,629)	(18,531,897)	(1,526,515,610)	72,139,654	(1,454,375,956)
Total profit	165,838,987	78,587,449	(2,538,400)	(12,669,319)	229,218,717		229,218,717
General and administrative expenses	(47,377,772)	(28,381,051)	(11,986,406)	(10,755,837)	(98,501,066)	-	(98,501,066)
Selling and marketing expenses	(7,905,022)	(6,037,000)	-	(200,854)	(14,142,876)	-	(14,142,876)
Expected credit losses	(7,803,500)	-	(568,719)	-	(8,372,219)	-	(8,372,219)
Operating profit	102,752,693	44,169,398	(15,093,525)	(23,626,010)	108,202,556	-	108,202,556

Disclosure of information related to the net book value of properties, machinery, equipment, total assets, and total liabilities related to these sectors is not feasible

**MAHARAH FOR HUMAN RESOURCES COMPANY**

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**Notes to the Consolidated Financial Statements for the year ended December 31, 2023****(continued)****(Amounts in Saudi Riyals unless otherwise stated)****35- Segment information (continued)**

.The main markets for the group's products are located in Saudi Arabia and the United Arab Emirates

The following is an analysis of the group's geographical sectors

	<b>For the year ended December 31, 2023</b>		
	<b>Kingdom of Saudi Arabia</b>	<b>The United Arab Emirates</b>	<b>Total</b>
Revenues	1,834,071,245	55,947,275	1,890,018,520
Cost of revenues	(1,602,629,147)	(51,680,690)	(1,654,309,837)
Total profit	231,442,099	4,266,585	235,708,683
General and administrative expenses	(88,869,353)	(6,898,396)	(95,767,749)
Selling and marketing expenses	(14,101,321)	(2,753,713)	(16,855,034)
Expected credit losses	(21,975,086)	(5,747,982)	(27,723,068)
Operating profit	<b>106,496,339</b>	<b>(11,133,507)</b>	<b>95,362,832</b>
	<b>For the year ended December 31, 2022</b>		
	<b>Kingdom of Saudi Arabia</b>	<b>The United Arab Emirates</b>	<b>Total</b>
Revenues	1,635,150,392	48,444,281	1,683,594,673
Cost of revenues	(1,412,876,842)	(41,499,114)	(1,454,375,956)
Total profit	222,273,550	6,945,167	229,218,717
General and administrative expenses	(91,194,051)	(7,307,015)	(98,501,066)
Selling and marketing expenses	(11,341,142)	(2,801,734)	(14,142,876)
Expected credit losses	(8,372,219)	-	(8,372,219)
Operating profit	<b>111,366,138</b>	<b>(3,163,582)</b>	<b>108,202,556</b>

**MAHARAH FOR HUMAN RESOURCES COMPANY**

(Saudi Joint Stock Company)

**Notes to the Consolidated Financial Statements for the year ended December 31, 2023****(continued)****(Amounts in Saudi Riyals unless otherwise stated)****35- Segment information (continued)**

The main markets for the group's products are located in Saudi Arabia and the United Arab Emirates. The following is an analysis of the group's geographical sectors

	<b>Kingdom of Saudi Arabia</b>	<b>The United Arab Emirates</b>	<b>Total</b>
Net book value of Property and equipment	<b>125,540,617</b>	<b>1,451,273</b>	<b>126,991,890</b>
Total assets	<b>1,717,652,898</b>	<b>29,688,311</b>	<b>1,747,341,209</b>
Total liabilities	<b>1,145,417,114</b>	<b>35,319,684</b>	<b>1,180,736,798</b>

As of December 31, 2022

	<b>Kingdom of Saudi Arabia</b>	<b>The United Arab Emirates</b>	<b>Total</b>
Net book value of Property and equipment	123,268,285	2,267,476	125,535,761
Total assets	1,711,984,897	36,885,218	1,748,870,115
Total liabilities	1,120,201,893	30,302,959	1,150,504,852

**36- Financial instruments****Financial instruments by category**

Financial instruments are classified as follows

	As of December 31	
	<b>2023</b>	2022
<b><u>Financial assets</u></b>		
Cash and cash equivalents	<b>78,978,507</b>	83,573,675
Murabaha term deposits	<b>10,000,000</b>	-
Trade receivables	<b>269,280,216</b>	243,976,861
Financial assets at fair value through profit or loss	<b>70,283,710</b>	25,099,306
Financial assets at fair value through other comprehensive income	<b>11,496,186</b>	13,985,656
<b>Total financial assets</b>	<b>440,038,619</b>	366,635,498
<b><u>Financial liabilities</u></b>		
Retained deposits	<b>95,534,191</b>	99,141,138
Lease liabilities	<b>49,919,303</b>	42,245,641
Creditors, amounts due for payment, and other current liabilities	<b>281,287,722</b>	223,901,524
<b>Total financial liabilities</b>	<b>427,447,593</b>	365,288,303

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements for the year ended December 31, 2023

(continued)

(Amounts in Saudi Riyals unless otherwise stated)

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## 36- Financial instruments (continued)

### Fair value estimation of financial instruments

The following table shows the financial instruments of the group measured at fair value

	Level Level 1	Level Level 2	Level Level 3	Total
<b><u>As of December 31, 2023</u></b>				
Financial assets at fair value through profit or loss		70,283,710		70,283,710
Financial assets at fair value through other comprehensive income			11,496,186	11,496,186
<b><u>As of December 31, 2022</u></b>				
Financial assets at fair value through profit or loss	-	25,099,306	-	25,099,306
Financial assets at fair value through other comprehensive income	-	-	13,985,656	13,985,656

Management believes that the fair value of all financial assets and liabilities is classified at amortized cost and as of the financial statements date, their carrying amount approximates their fair value due to their short-term nature and ability to be liquidated immediately, except for financial assets at fair value through profit or loss. They are all classified within levels 1 and 2 of the fair value hierarchy. There were no transfers between different levels of the fair value hierarchy during the current or previous year

## 37- Financial risk management

The group is exposed to the following risks due to its use of financial instruments

- Credit risks
- Liquidity risks
- Market risks
- Commission price risks
- Foreign currency risks
- Price risks
- Operational risks

This disclosure provides information on the group's exposure to each of the above risks, the group's objectives, policies, and methods for measuring and managing risks

### General framework for risk management

The full responsibility for preparing and monitoring risk management lies with the group management. The group's risk management policies are designed to identify and analyze the risks facing the group establish appropriate controls and limits for the extent of exposure to those risks, and then monitor them to ensure that the set limits are not exceeded. Risk management policies and systems are audited periodically to reflect changes in market conditions and group activities. The group aims, through training, standards, and procedures set by management, to develop a constructive and organized control environment in which each employee understands their role and responsibilities.

# MAHARAH FOR HUMAN RESOURCES COMPANY

(Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements for the year ended December 31, 2023

(continued)

(Amounts in Saudi Riyals unless otherwise stated)

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## 37- Financial risk management

### Credit risks

Credit risks represent the inability of a party to meet its obligations, resulting in the other party incurring financial losses. The group's policy states that all customers wishing to transact on credit terms are subject to credit verification. Financial instruments subject to credit risks mainly consist of customer receivables. The group deposits cash with a number of financially sound institutions and has a policy that sets limits on its deposits with each financial institution. As of December 31, 2023, an amount of SAR 78.9 million of the total commercial receivables balances pertains to 5 key customers (December 31, 2022: SAR 78.9 million).

### Commercial receivables

Customers are evaluated according to group standards before service contracts are concluded. The group does not believe there are significant risks of inefficiency in these institutions and does not consider itself exposed to credit concentration risks regarding debtors due to the diversity of its customer base operating in various activities and regions.

### Amounts due from related parties

An analysis of impairment is conducted as of the date of each financial statement, on an individual basis for key related parties. The maximum exposure to credit risks, as of the date of preparing the financial statements, was the book value of amounts due from related parties (Note 12). The group does not hold any collateral against these amounts. This evaluation is done each financial year by reviewing the financial position of related parties and studying the market in which these related parties operate. The group assessed the risks related to amounts due from related parties as low, as the vast majority of related parties are owned by the same shareholders.

### Credit risks related to term deposits and cash deposits

Credit risks related to balances are managed by banks and financial institutions in accordance with the Group's policy. Cash is primarily deposited with local banks with good credit ratings. The Group does not consider itself exposed to credit concentration risks related to banks due to the strength of its financial position.

### Evaluation of expected credit losses on trade receivables

The Group applies the simplified approach outlined in International Financial Reporting Standard (9) to measure expected credit losses, using expected credit losses over the lifetime for all financial assets measured at amortized cost and contract assets.

The key inputs for measuring expected credit losses are the following variables:

Probability of default using statistical methods (i.e. normal distribution curve) •

Total Gross Domestic Product of the Kingdom of Saudi Arabia as a variable for the overall economy •  
to adjust the previous loss rate

# MAHARAH FOR HUMAN RESOURCES COMPANY

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## Notes to the Consolidated Financial Statements for the year ended December 31, 2023

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### 37- Financial risk management (continued)

The maximum credit risks faced by the Group are represented by the value of financial assets included in the consolidated financial statements as follows

	As of December 31	
	2023	2022
Trade receivables	269,280,216	243,976,861
Contract assets	96,702,957	104,501,426
Cash at banks and short-term profit-sharing deposits	87,341,968	80,050,897
	<u>453,325,141</u>	<u>428,529,184</u>

### Liquidity risks

Liquidity risks are the difficulties the company faces in providing funds to meet financial instrument obligations. Liquidity risks can arise from the inability to quickly sell any financial asset at or near its fair value. The company's sales terms require cash payment upon delivery of goods or on credit terms

The contractual maturities of non-derivative financial liabilities are as follows

<u>As of December 31, 2023</u>	<u>Book value</u>	<u>Contractual cash flows</u>	<u>Less than a year</u>	<u>More than a year</u>
long term loans	562,607,710	562,607,710	18,130,437	544,477,273
Trade payables and amounts due and other current liabilities	261,093,586	261,093,586	261,093,586	-
Contract liabilities	102,008,410	102,008,410	102,008,410	-
Lease liabilities	49,919,303	49,919,303	20,194,136	29,725,167
<b>Total</b>	<u>975,629,009</u>	<u>975,629,009</u>	<u>401,426,569</u>	<u>574,202,439</u>

The contractual maturities of non-derivative financial liabilities are as follows

<u>As of December 31, 2022</u>	<u>Book value</u>	<u>Contractual cash flows</u>	<u>Less than a year</u>	<u>More than a year</u>
long term loans	562,607,710	562,607,710	-	562,607,710
Trade payables and amounts due and other current liabilities	223,901,524	223,901,524	223,901,524	-
Contract liabilities	134,013,235	134,013,235	134,013,235	-
Lease liabilities	42,245,641	42,245,641	11,026,528	31,219,113
<b>Total</b>	<u>962,768,110</u>	<u>962,768,110</u>	<u>368,941,287</u>	<u>593,826,823</u>

### Market risks

.Market risks are risks of fluctuations in the value of financial instruments due to market price changes. Market risks include three types of risks: commission price risks, foreign currency risks, and other price risks such as stock price risks and commodity price risks



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## 37- Financial risk management (continued)

### Commission price risks

Commission price risks are risks arising from fluctuations in the value of financial instruments due to changes in prevailing commission rates in the market. The company is exposed to commission price risks on internal borrowing

### Foreign currency risks

The risks of foreign currencies represent the risks resulting from the fluctuation of the value of a financial instrument due to changes in foreign exchange rates. Management monitors fluctuations in foreign exchange rates and believes that the company is not exposed to significant currency risks

### Price risks

Price risks are risks of fluctuating the value of a financial instrument due to market price changes whether these changes are due to factors specific to the financial instrument or its source, or factors affecting all financial instruments traded in the market. The company is not exposed to fundamental price risks

### Operational risks

Operational risks represent the difficulties faced by the group in providing the necessary workforce or not completing contracts due to work refusal, lack of professional skills, escape, death, or changes in related regulations and laws. The group manages operational risks by regularly monitoring these cases to avoid or minimize their effects. The group also allocates reserves to deal with these cases when they occur. During the year, the group was able to calculate the net exposure/impact taking into account prepaid expenses and amounts due related to inactive employees. The operational risk reserve at the end of the financial year amounted to 753 thousand Saudi riyals (31 December 2021: 434 thousand Saudi riyals) (Note 20)

## 38- Capital management

Capital represents the ownership rights belonging to the shareholders. The main objectives of the group for capital management are as follows

- Maintaining its ability to continue operating as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, and
- Maintaining the capital structure optimally to minimize the cost of capital

The management policy is to maintain a strong capital base and preserve the confidence of investors and creditors in the market and maintain the future development of the business. The group manages its capital structure and makes adjustments to it in light of changes in economic conditions. Management monitors the return on capital, which the group defines as the result of operating activities divided by total shareholder equity. Management also monitors the level of profit distributions to shareholders. There have been no changes in the group's capital management approach during the year. The group has not been subject to externally imposed capital requirements

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Notes to the Consolidated Financial Statements for the year ended December 31, 2023

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(Amounts in Saudi Riyals unless otherwise stated)

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## 39- Potential Requirements and Capital Relationships

The banks with which the group deals issued guarantees on behalf of the group amounting to SAR 58 million (31 December 2020: SAR 6.4 million) for the implementation of contracts during the normal course of business

## 40- Business Aggregation Operations

### For the year ended 31 December 2022

#### - Shifa Arab Medical Company ("Shifa")

On 10 JumadaAl-Awwal AH (corresponding to 13 January 2022), Masar Al-Namou Company (a 1443 subsidiary) completed the procedures related to acquiring an 85% ownership stake in Shifa Arab Medical Company ("Shifa") for a consideration of SAR 85,000. The following statement shows the carrying amount of net requirements as of the acquisition date

	<b>Total (Saudi Riyals)</b>
<b><u>Assets</u></b>	
Cash and cash equivalents	334,615
Trade receivables	85,564
Prepaid expenses and other current assets	257,112
Properties and Equipment	322,605
<b>Total Assets (A)</b>	<b>999,896</b>
<b><u>Liabilities</u></b>	
Trade payables and amounts due and other current liabilities	1,851,244
Employee benefit obligations	12,828
<b>Total Requirements (B)</b>	<b>1,864,072</b>
Net Requirements of Shifa Company (A - B)	(864,176)
Less: Proportional share of non-controlling ownership rights at 15%	129,626
Net Requirements assumed by the company	(734,550)
Consideration Paid	(85,000)
Goodwill arising from the acquisition (Note 15)	<b>(819,550)</b>

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**Notes to the Consolidated Financial Statements for the year ended December 31, 2023****(continued)****(Amounts in Saudi Riyals unless otherwise stated)**

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**41- Group Operations**

The following are details of the group's branches as of 31 December 2023

<b>Name</b>	<b>Commercial Registration Number</b>	<b>Commercial Registration Date</b>
Al-Yasmeen	1010465207	Safar 1438 AH 2
Al-Murooj	1010436553	Shawwal 1436 AH 28
Al-Taawon	1010427484	Muharram 1435 AH 9
Ar-Rass	1132010275	Dhu al-Qi'dah 1435 AH 7
Ar-Rawdah	1010465209	Safar 1438 AH 2
Head Office (Al-Ula)	1010364538	Rabi' al-Thani 1434 AH 7
Isnad	1010709299	Ramadan 1442 AH 22
Al-Kharj	1011139356	Rabi' al-Awwal 1440 AH 25
As-Suwaidi	1010427485	Muharram 1435 AH 9
Al-Madina	4650074415	Dhu al-Qi'dah 1435 AH 7
Buraydah 1	1131056729	Jumada al-Awwal 1437 AH 29
Hail	3350043316	Rabi' al-Thani 1436 AH 27
Khurays	1010436554	Shawwal 1436 AH 28
Onaizah	1128019121	Rabi' al-Awwal 1436 AH 15
Jeddah - Al Naem	4030278496	Muharram 1435 AH 9
Jeddah - Al Marwah	4030296922	Muharram 1439 AH 20
Jeddah - Al Nozha	4030379270	Rajab 1441 AH 16
Jeddah - Al Faiha	4030379272	Rajab 1441 AH 16
Dammam	2050111011	Safar 1438 AH 29
Taif	4032241081	Rajab 1441 AH 1
Abha	5850071792	Rabi Al-Thani 1439 AH 23
Al Qassim - Buraidah 2	1131291194	Jumada Al-Akhirah 1439 AH 3

# MAHARAH FOR HUMAN RESOURCES COMPANY

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## Notes to the Consolidated Financial Statements for the year ended December 31, 2023

(continued)

(Amounts in Saudi Riyals unless otherwise stated)

### 42- Restatements on the comparative information

- The group completed a study to allocate the purchase price for investments in sister companies acquired by Masar Al-Namoum Company, owned by the company by 100%, and they are accounted for through the ownership rights method for the period ending on December 31, 2023
- The allocation of the purchase price was included in the consolidated financial statements of the group
- Completing the allocation of the purchase price, including adjusting the temporary values acquired on the net assets of the company, had the following financial impact during the previous year

Consolidated Financial Statements	Item	As previously mentioned in December 2022 ,31	The impact of the adjustment during the period	The adjusted as in December 2022 ,31
Financial position statement	Investments in sister companies	793,332,675	(40,268,100)	753,064,575
Statement of profit or loss and other comprehensive income	Profit from investments in sister companies	56,529,630	(40,644,492)	15,885,138
Statement of profit or loss and other comprehensive income	Share in other comprehensive income in associate companies	(745,649)	383,936	(361,713)
Financial position statement	Statutory reserve	97,416,675	(4,065,203)	93,351,472

### 43- Subsequent events

On 20 Rajab 1445 AH (equivalent to February 1, 2024), the extraordinary general assembly approved the recommendation of the board of directors on 22 Dhu al-Hijjah 1444 AH equivalent to July 10, 2023 to split the nominal value of the share from (10) Saudi Riyals per share to (1) Saudi Riyal per share, thus the number of company shares becomes (475) million shares instead of (47.5) million shares while maintaining the company's capital unchanged

On 20 Rajab 1445 AH (equivalent to February 1, 2024), the extraordinary general assembly approved amending the company's articles of association in line with the new Companies Law

On 3rd Shaban, 1445AH (equivalent to February 13, 2024) The company has acquired through the Growth Avenue Investment Company On the non-controlling interest of his subsidiary Shifa Arab Medical Company To become fully owned .

In the management's opinion, there are no significant subsequent events after the year ended on December 31, 2023, that could have a material impact on the group's consolidated financial position or results of operations, contrary to what has been disclosed

### 44- Approval of the consolidated financial statements

The consolidated financial statements have been approved by the board of directors of the group on 21 Ramadan 1445 H (corresponding to 31 March 2024)