

**H1
2024**



Performance Highlights, Management View and Financial Analysis Report

Maharah Human Resources Company

H1 2024



**شركة مهارة
للموارد البشرية
Maharah Human
Resources Company**

Foreword and management view

In the first half of 2024, Maharah experienced a period of robust growth and strategic development. The ambitious Saudi Arabia Vision programs and projects have positively impacted the broader economy, allowing our team to leverage these opportunities by securing several strategic contracts. This success is further bolstered by the overall growth in the corporate sector (B2B), enabling us to allocate resources efficiently. Our recent corporate strategy and its planned initiatives have been effectively implemented, driving progress across the organization. Additionally, our efforts in operational cost optimization and the restructuring and management of subsidiaries have contributed significantly to our improved financial performance. Furthermore, our focus on the governmental sector and the Saudi staffing business has opened new avenues for growth. The expansion of our skill set and the signing of contracts to place professional resources (white collars) have strengthened our market position. Optimizing resources in the household sector and capturing combined values with our subsidiaries have further reinforced our commitment to sustaining long-term value and operational excellence. These combined factors underscore our leadership's dedication to driving success and maintaining a competitive edge.

Strategic Directions

Maharah started its newly launched strategy implementation, The new strategy builds upon the objectives and milestones achieved under the prior plan and aims to drive the business forward in new and exciting directions. Today Maharah capture around 13% of the public recruitment companies market share, The company believes its market share leadership since Jan 2023, however Other market participants are not far behind our market share. By evolving our strategic approach, we believe the company is well-positioned to capitalize on the Saudi market opportunities, enhance operational efficiencies, and deliver increased value for our shareholders.

Key milestones obtained out of the previous strategic plan:

Strengthen the Engine

- Operations Efficiency : Branches & housing expansion, Customer & manpower care development
- Marketing effectiveness: Strong & market leading brand
- Human capital development: Manpower training, Human Capital Develop. Program
- IT infrastructure & performance: ERP & Digital Transformation roadmap, Goals & KPI setting

Grow the Core

- Integration of value-added services (e.g., lodging, logistics)
- Workforce profiles: Creation of ESNAD, white collars/executives
- Client portfolio: Expansion to public sector
- Geographical footprint: Expansion in the UAE (household manpower supply focus)

Explore Growth avenues

- Expansion in HR services through business development and M&As
- Set-up of Ayady training academy (household manpower training)
- Expansion beyond HR services under Growth Avenue umbrella – in adjacent sectors presenting synergies potential with manpower supply (logistics, FM, catering, medical, aggregator)

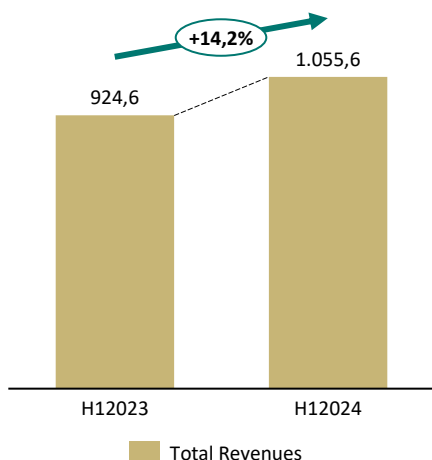
The leadership team is fully committed to the successful execution of new strategy which is basically has different initiatives grouped into three main pillars: **Build on manpower provision, Differentiate our offering and Enabling Maharah** to capture more of the market opportunities.

1 - Financial Performance Report (6 Months Comparison)

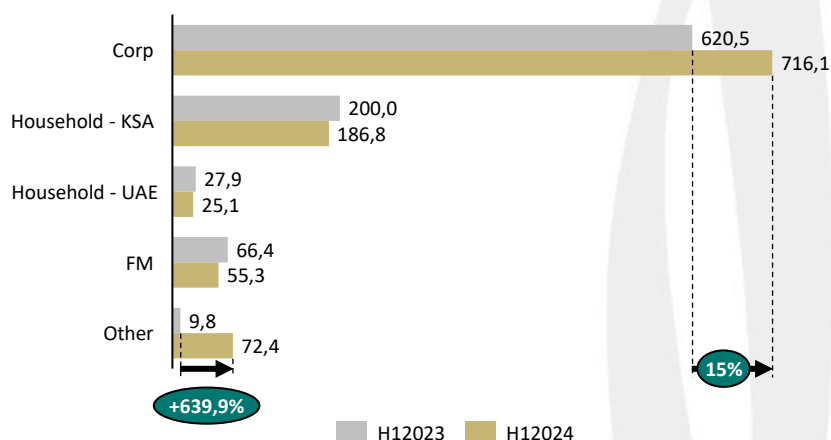
Performance Highlights, Management View and Financial Analysis Report



1.1 - Consolidated Revenues (6Months)



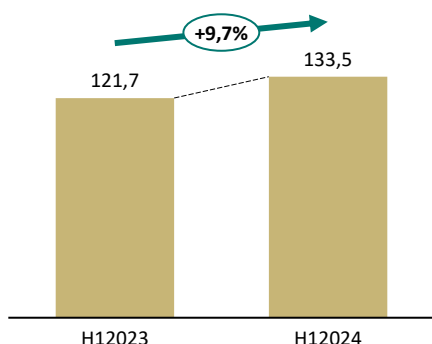
1.2 - Segmental Revenues (6Months)



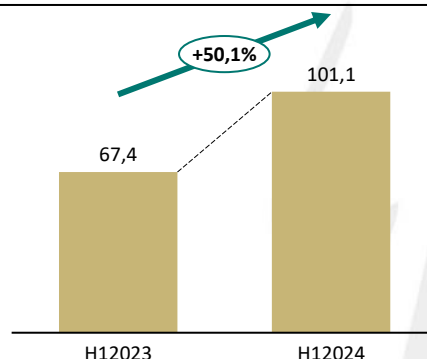
During the current period, The consolidated revenue increased by 14.2% comparing to the same period of the previous year driven by the corporate segment and household part time (Khidmah) growth by 15% and 31%, respectively. Moreover, the other subsidiaries showed a substantial growth reaching SAR 72.4 comparing to SAR 9.8M in the same period of the previous year.



1.3- Gross Profit (6Months)



1.4- Net Profit (6Months)



The gross profit increased during the current period of 9.7% comparing to the same period of the previous year reaching SAR 133M. Despite the decrease in the household full time sector revenue by 11%, the Sector gross profit increased by 26% due to strategic initiatives to control the operational cost and increase the skills set to offer advances services capturing the value created through the training academy (Ayadi)

The net profit increased by 50% comparing to the same period of the previous year driven by

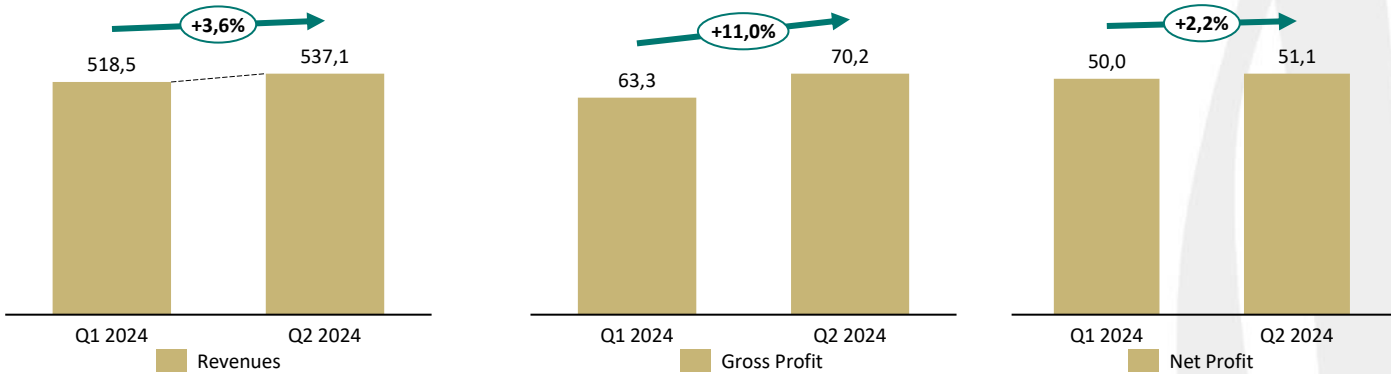


2- Financial Performance Report (Quarter Comparison)

Performance Highlights, Management View and Financial Analysis Report



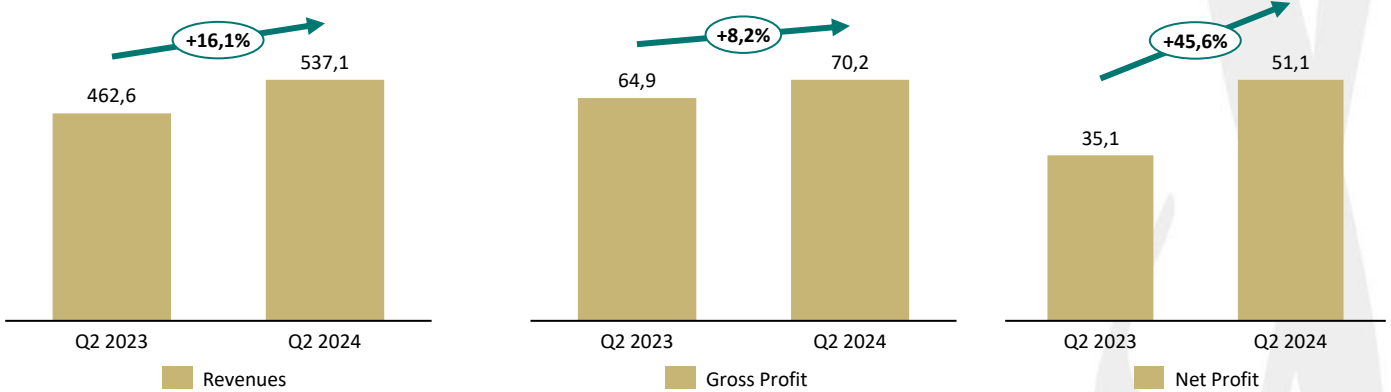
2.1- Past Quarter



The second quarter showed growth of 3.6% in revenues and double digits growth rate in the gross margin reaching SAR 70.2M, while the net profit reached SAR 51.1M with growth rate of 2.2% comparing to the previous quarter of 2024.



2.2- Similar Quarter

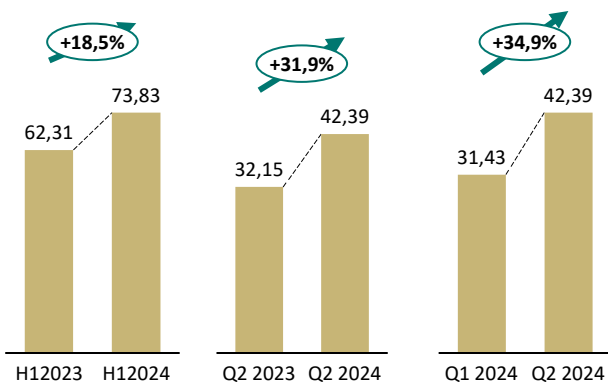


The second quarter showed mid double digits growth of 16.1% in revenues and 8.2% growth in the gross margin reaching SAR 70.2M, while the net profit showed substantial growth of 45.6% reaching SAR 51.1M comparing to the same quarter of the previous year.

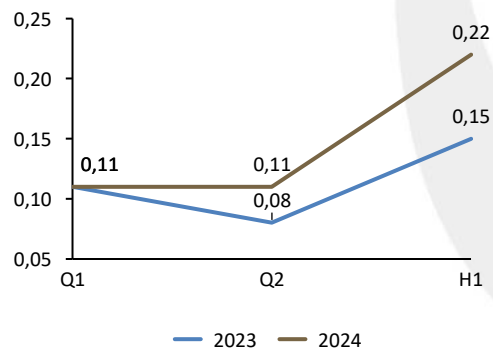
3- Financial KPIs



3.1- Income from Main Operation



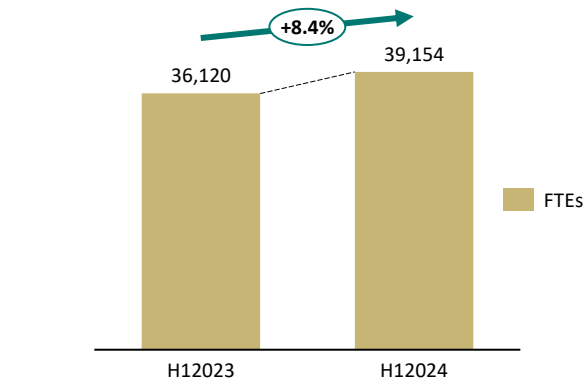
3.2- Earnings Per Share (EPS)



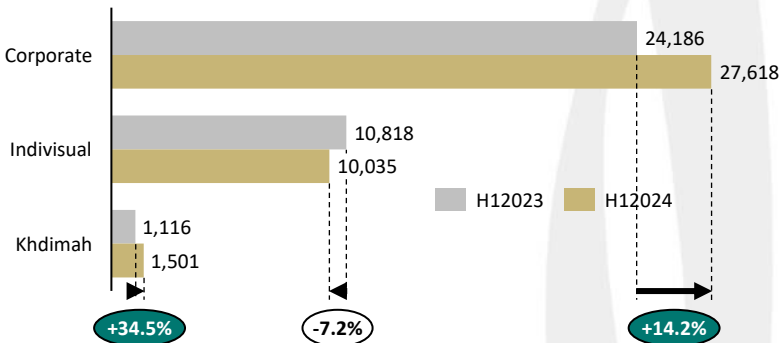
4- Deployed Resources



4.1- Total Average Resources (6Months)



4.2- Segmental Resources (6Months)

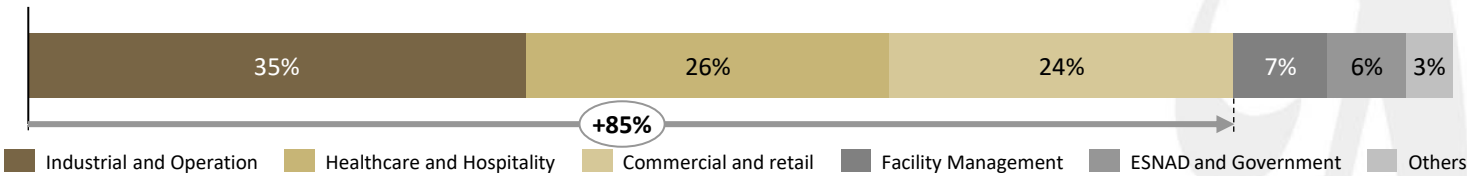


The company onboarded and deployed more resources in the current period comparing to the same period of the previous year with a growth rate of 8.4% reaching 39,154 of both corporate and household resources. Khdimah is on expansion plan and more resources will be deployed to match the market demands and offering a wider geographical coverage across the kingdom.

5- Corporate Sector



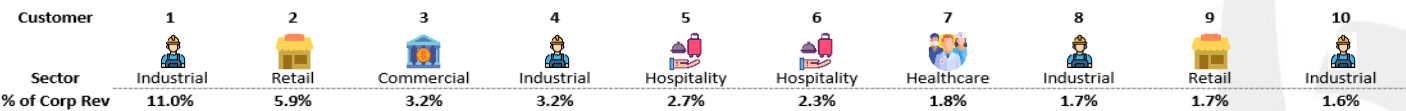
5.1 Segmental Revenues Analysis



Industrial and operation sector which also includes the construction, contracting and infrastructure segment led the corporates sales revenue contribution by 35% followed by Healthcare and hospitality sector with 26% contribution, while the commercial and retail sector contributed by 24%



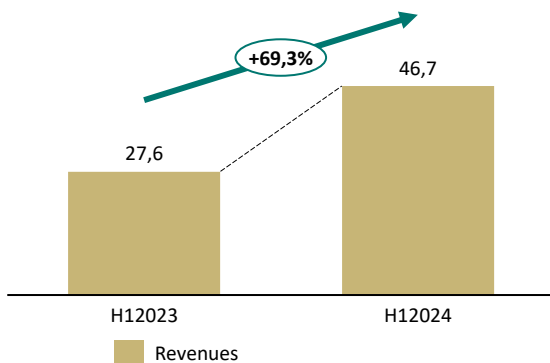
5.2 Diversified customer base (Top 10 Customers)



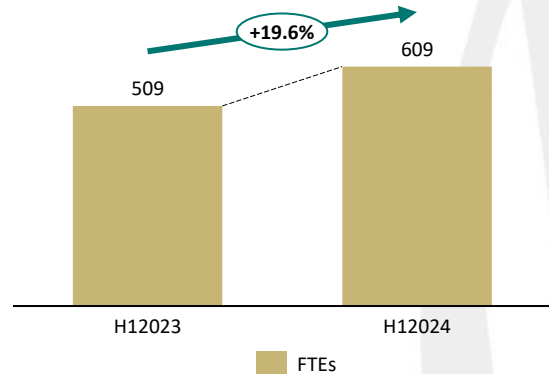
Maharah maintained a diversified customers portfolio, Our ability to serve a wide range of corporate clients from diverse industries is a core strength of Maharah. The top 10 customers represent 35% of corporate revenues, those top 10 customers segments spans from industrial, operations, infrastructure, construction, retail, healthcare, and hospitality segments . This diversity not only demonstrates the versatility and adaptability of our service offerings, but also insulates us from over-reliance on any single industry or client. By cultivating long-term, mutually beneficial relationships with such a broad spectrum of companies, we have built a robust and resilient business model that can weather changing economic conditions and evolving market demands. In the second half, Management anticipate the corporate sector maintain good further growth rates due to the recent signed contracts, these contracts will also have a positive impact for another 24 months due to the nature of contracts.



5.3 - Saudi Staffing(ESNAD) Revenues



5.4 - Saudi Staffing (ESNAD) FTEs



The Saudi staffing sector (ESNAD MAHARAH), is currently on its track to lead the market by placing the Saudi talent to different industries, during the current period this segment revenue grew with 69.3% in revenue comparing to the same period of the previous year driven by the growth in the number of resources placed which reached to more than 600 resources with different skills sets and professional levels serving different industry like banking, real estate, insurance companies, fintech, mining industry, and recycling business.

6- Household Sector

The household sector showed good growth rates through the current period and mainly the growth was derived by the part time services, new services were added including the brokerage, Tasheel, home spa in addition to the increase of other profession like cooks and nannies. This was through benefiting the resources skills upgrading by the training academy.

The company is on plan to increase the number of the resources for the part time household services, as of June 2024 closing, the number of resources increased by 71% comparing to the same period of the previous year. This will be aligned with better utilization rates initiatives and operational cost control.

7- Subsidiaries and Associates



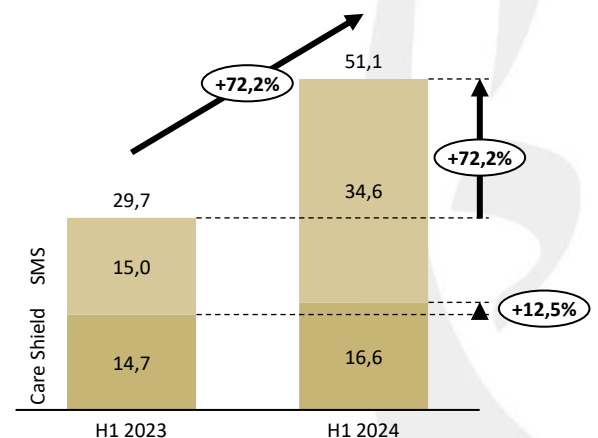
7.1 Subsidiaries transformation plan



- 1 **Restructuring:** Equity restructuring to be owned 100% for Spectra, TPH and Globcare, Governance development and Implementation
- 2 **Strategy:** Set high level directions, objectives and key milestones to improve the subsidiaries
- 3 **Operational:** Assess and enhance each subsidiary operations, organization & processes, IT infrastructure, HR & marketing effectiveness
- 4 **Performance:** Develop a robust performance-based culture to meet targeted outcomes
- 5 **Subsidiaries' integration:** Enhance existing and potential synergies between Maharah and its subsidiaries



7.2 Share of Profit from Associates



SMS showed a substantial growth of 72% comparing to the same period of the previous year while care shield showed 12.5% growth.



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