

Financial Advisor, Lead Manager and Underwriter



Al Khaleej Training and Education Company Rights Issue Prospectus

Trading Period:	starts on Monday 02/03/2021G (corresponding to 02/03/2021G) and ends on Monday 08/03/2021G (corresponding to 08/03/2021G)
Subscription Period:	starts on Monday 02/03/2021G (corresponding to 02/03/2021G) and ends on Thursday 04/03/2021G (corresponding to 04/03/2021G)

Offering Right Issue Shares under this Prospectus is subject to shareholders agreeing to the increase of capital as per the Board of Directors' recommendation and subject to the Company obtaining regulatory approvals. An invitation was issued to hold an Extraordinary General Assembly to approve the Rights Issue on 02/03/2021G (corresponding to 02/03/2021G), and investors should be aware that if the shareholders' approval on the Rights Issue is not obtained, the offering will automatically be void, and this Prospectus will be considered null and the shareholders will be notified accordingly.

Al Khaleej Training and Education Company was converted from a limited liability Company to a closed joint stock Company pursuant to the Ministerial Resolution No. 3548 dated 25/11/1427H (corresponding to 16/12/2006G) and registered under commercial registration no. 1010103367 issued in Riyadh on 30/05/1413H (corresponding to 24/11/1992G).

Offering of twenty million (20,000,000) ordinary shares at an Offering Price of ten (10) Saudi Riyals per share through a capital increase of Al Khaleej Training and Education Company from four hundred and fifty million (450,000,000) Saudi Riyals to six hundred and fifty million (650,000,000) Saudi Riyals representing an increase of 44.4% through a Rights Issue.

Al Khaleej Training and Education Company (hereinafter referred to as "the Company" or "Al Khaleej") was established as a limited liability Company under the name of "Al Khaleej Training and Electronic Industries Company" and registered under commercial registration no. 1010103367 issued in Riyadh on 30/05/1413H (corresponding to 24/11/1992G). On 15/09/1424H (corresponding to 10/11/2003G) the name of the Company was changed to "Al Khaleej Training and Education Company". On 25/11/1427H (corresponding to 16/12/2006G) the legal entity of the Company was converted from a limited liability Company to a closed joint stock Company pursuant to the Ministerial Resolution No. 3548. On 30/11/1428H (corresponding to 10/12/2007G), the Company's shares were listed on the Saudi Exchange. The Company's head office is located in Riyadh.

The Company's current capital is four hundred and fifty million (450,000,000) Saudi Riyals divided into forty-five million (45,000,000) ordinary shares with a fully paid nominal value of ten (10) Saudi Riyals per share (referred to as the "Existing Shares"). The Company's Board of Directors recommended in its meeting convened on 17/08/1442H (corresponding to 30/03/2021G) to increase the Company's capital by two hundred million (200,000,000) Saudi Riyals (the "Capital Increase"), conditional on obtaining the necessary regulatory approvals and the Extraordinary General Assembly approval.

On 02/03/2021G (corresponding to 02/03/2021G) the Company's Extraordinary General Assembly approved the company's capital increase through a Rights Issue by offering twenty million (20,000,000) ordinary new shares ("Rights Issue Shares" or "New Shares") at an Offering Price of ten (10) Saudi Riyals per share ("Offering Price") and a nominal value of ten (10) Saudi Riyals per share, in order to increase the Company's capital from four hundred and fifty million (450,000,000) Saudi Riyals to six hundred and fifty million (650,000,000) Saudi Riyals, representing an increase of 44.4% (the "Offering").

The rights issue shares will be issued as tradable securities (referred to individually as the "Right" and collectively as the "Rights") to the shareholders who own shares at the end of the trading day of the Extraordinary General Assembly approving the Capital Increase and registered in the Company's register at the Depository Center at the end of the second trading day following the Extraordinary General Assembly approving the Capital Increase on 02/03/2021G (the "Eligibility Date") (each shareholder is referred to individually as "Registered Shareholder" and collectively as "Registered Shareholders"), and such Rights will be deposited in the Registered Shareholders portfolios after the Extraordinary General Assembly approving the Capital Increase, taking into account the settlement procedure of (0.44) right for every (1) share of the Company's share. Each Right gives its holder the right to subscribe to one New Share at the Offering Price.

Registered Shareholders and other investors (referred to as "New Investors") - who may trade the Rights and subscribe to the New Shares - will be able to trade and subscribe to the Rights Issue Shares in the Saudi Exchange ("Tadawul" or the "Exchange"). The Trading Period and Subscription Period start on Monday 02/03/2021G (corresponding to 02/03/2021G), with the Trading Period ending on Monday 08/03/2021G (the "Trading Period") and the Subscription Period lasting up to Thursday 04/03/2021G (the "Subscription Period"). It should be noted that the Trading Period and the Subscription Period will start on the same day, while the Trading Period will continue until the end of the sixth day of the beginning of the period, the Subscription Period will continue until the end of the ninth day of the beginning of the same period.

Registered Shareholders will be able to trade the Rights during the Trading Period by selling the acquired Rights or part thereof or buying additional Rights through the Exchange, and New Investors will also be able to buy Rights through the Exchange and sell Rights purchased during the Trading Period.

Subscription to the New Shares will be available during the Subscription Period in one phase as follows:

1. During this period, all Registered Shareholders and New Investors will be entitled to subscribe to the New Shares.
2. Registered Shareholders will be entitled to subscribe directly to the number of their shares or less than the number of their shares during the Subscription Period, and if they acquire New Rights, they will be able to subscribe to them after the end of the settlement period (two business days).
3. New Investors will be entitled to subscribe to the New Shares after the end of settlement period (two business days).
4. Subscription will be available electronically through the investment portfolios in the trading platforms and applications through which sale and purchase orders are entered, in addition to subscription through other channels and means available at the broker.

In the event that any shares remain unsubscribed for at the end of the Subscription Period ("Rump Shares"), those shares will be offered at a minimum of the Offering Price to a number of Institutional Investors ("Institutional Investors") (this offering is referred to as the "Rump Offering"), and such Institutional Investors shall submit offers to purchase the Rump Shares. Receipt of such offers will start at 10:00 am on Tuesday 03/03/2021G (corresponding to 03/03/2021G) until 5:00 pm on Wednesday 04/03/2021G (the "Rump Offering Period"). Rump shares will be allocated to the Institutional Investors with the highest bid, then the lowest and the lowest. The shares will be allocated proportionately to the Institutional Investors submitting the same offer. As for Fractional Shares (if any), they will be added to the Rump Shares and treated similarly. The total Offering Price of the Rump Shares will be paid to the Company and the rest of the proceeds from the sale of those Rump Shares and the Fractional Shares (exceeding the Offering Price, if any) will be distributed without deducting any fees to the eligible persons who have not exercised their right to subscribe either in whole or in part, as well as holders of fractional shares, each according to what he may be entitled to no later than 02/03/2021G (corresponding to 02/03/2021G). In the event that Institutional Investors have not subscribed in all the Rump Shares and Fractional Shares, the remaining will be allocated to the Underwriters who will buy them at the Offering Price (please refer to Section 10 "Underwriter" and Section 12 "Information Concerning the Shares and Terms and Conditions of the Offer"). The final allocation of the New Shares will be announced no later than Sunday 04/03/2021G (the "Allocation Date") (please refer to Section 12 "Information Concerning the Shares and Terms and Conditions of the Offer"). Arab National Investment Company undertook to underwrite the entire Offering (please refer to Section 10 "Underwriter").

After Completion of the subscription process, the Company's capital will become six hundred and fifty million (650,000,000) Saudi Riyals divided into sixty-five million (65,000,000) ordinary shares. The net offering proceeds will be used to support the Company's expansion in the education segment and to pay part of the short-term facilities (please refer to Section 6 "Use of Offering Proceeds").

The Substantial Shareholders (owning directly and indirectly 5% or more of the Company's capital as of 16/09/2021G) are Mr. Alwaleed Abdulrazak Saleh AlDriyaan (who owns directly 8.174% of the Company's shares) and Mr. Abdulaziz Hammad Nasser AlBlaihid (who owns directly 5.002% of the Company's shares and indirectly 0.002% of the Company's shares).

The Company has only one class of shares and no share gives its holder any preferential right. The New Shares will be fully paid and rank identically with the existing shares. Each share entitles its holder to one vote and each shareholder ("Shareholder") has the right to attend and vote at the general assembly meetings ("General Assembly") of the Company (whether ordinary or extraordinary) and vote in them. The New Shares will be entitled to receive their portion of any dividends declared by the Company after their issuance date (if any).

Al Khaleej Training and Education Company was established as a limited liability Company under commercial registration no. 1010103367 dated 30/05/1413H (corresponding to 24/11/1992G) with a capital of one million (1,000,000) Saudi Riyals divided into one thousand (1,000) shares. On 10/06/1418H (corresponding to 11/10/1997G), the partners decided to increase the Company's capital from one million (1,000,000) Saudi Riyals to three million (3,000,000) Saudi Riyals divided into three thousand (3,000) shares by paying its value in cash. On 10/10/1425H (corresponding to 23/11/2004G), the partners decided to increase the Company's capital from three million (3,000,000) Saudi Riyals to thirty million (30,000,000) Saudi Riyals divided into thirty thousand (30,000) shares by paying its value in cash. On 25/11/1427H (corresponding to 16/12/2006G), the legal entity of the Company was converted from a limited liability Company to a closed joint stock and its capital was increased from thirty million (30,000,000) Saudi Riyals to eighty million (80,000,000) Saudi Riyals, divided into eight million (8,000,000) shares by capitalizing fifty million (50,000,000) from the retained earnings. On 30/11/1428H (corresponding to 10/12/2007G), the Company's shares amounting to eight million (8,000,000) ordinary shares were listed on the Saudi Exchange by offering two million four hundred thousand (2,400,000) ordinary shares for subscription (at 65 Saudi Riyals per share) by selling 30% of the Company's shares to the Public. On 14/09/1429H (corresponding to 14/09/2008G), the extraordinary general assembly approved to increase the Company's capital from eighty million (80,000,000) Saudi Riyals to one hundred million (100,000,000) Saudi Riyals, by capitalizing twenty million (20,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every four (4) shares, bringing the Company's shares to ten million (10,000,000). On 08/04/1430H (corresponding to 04/04/2009G), the extraordinary general assembly approved to increase the Company's capital from one hundred million (100,000,000) Saudi Riyals to one hundred and fifty million (150,000,000) Saudi Riyals, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every two shares bringing the Company's shares to fifteen million (15,000,000). On 12/05/1432H (corresponding to 16/04/2011G) the extraordinary general assembly approved to increase the Company's capital from one hundred and fifty million (150,000,000) Saudi Riyals to two hundred million (200,000,000) Saudi Riyals, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every three (3) shares bringing the Company's shares to twenty million (20,000,000). On 18/05/1433H (corresponding to 10/04/2012G) the extraordinary general assembly approved to increase the Company's capital from two hundred million (200,000,000) Saudi Riyals to two hundred and fifty million (250,000,000) Saudi Riyals, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every four (4) shares bringing the Company's shares to twenty-five million (25,000,000). On 29/05/1434H (corresponding to 10/04/2013G) the extraordinary general assembly approved to increase the Company's capital from two hundred and fifty million (250,000,000) to three hundred million (300,000,000) Saudi Riyals, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every five (5) shares bringing the Company's shares to thirty million (30,000,000). On 15/06/1435H (corresponding to 15/04/2014G) the extraordinary general assembly approved to increase the Company's capital from three hundred million (300,000,000) Saudi Riyals to three hundred and fifty million (350,000,000) Saudi Riyals, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every six (6) shares bringing the Company's shares to thirty-five million (35,000,000). On 02/07/1436H (corresponding to 21/04/2015G) the extraordinary general assembly approved to increase the Company's capital from three hundred and fifty million (350,000,000) Saudi Riyals to four hundred million (400,000,000) Saudi Riyals, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every seven (7) shares bringing the Company's shares to forty million (40,000,000). On 08/08/1439H (corresponding to 24/04/2018G) the extraordinary general assembly approved to increase the Company's capital from four hundred million (400,000,000) Saudi Riyals to four hundred and fifty million (450,000,000) Saudi Riyals, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every eight (8) shares bringing the Company's shares to forty-five million (45,000,000). On 02/03/2021G (corresponding to 02/03/2021G) the extraordinary general assembly approved to increase the Company's capital from four hundred and fifty million (450,000,000) Saudi Riyals to six hundred and fifty million (650,000,000) Saudi Riyals by way of Rights Issue.

The number of shares listed as of the date of this Prospectus is forty-five (45,000,000) shares currently being traded in the Saudi Exchange. The Company has filed a request to the Capital Market Authority of Saudi Arabia ("CMA") to register and offer the New Shares and also submitted a request to Tadawul to accept their listing. All required documents have been submitted and all the requirements of the relevant parties have been fulfilled. The issuance of this Prospectus has been approved. The New Shares are expected to start being traded soon after the allocation thereof and the refund (please refer to page (L) of this Prospectus "Key Dates and Subscription Procedures"). Trading in the New Shares - after they are registered and accepted for listing - will be available to citizens of Saudi Arabia, legal residents therein, as well as GCC nationals and Saudi companies, banks, and Saudi investment funds, and GCC companies and institutions, as well as qualified foreign investors under the Investment Rules for eligible foreign financial institutions to invest in listed securities. In addition, other categories of foreign investors are entitled to the economic benefits associated with the New Shares through the conclusion of swap agreements with persons authorized by CMA ("Authorized Person"), knowing that the Authorized Person shall in such case be the registered legal owner of the Shares.

This Prospectus should be read in full and the "Important Notice" on page (A) and Section 2 "Risk Factors" should be considered carefully before making any investment decision related to the Rights or the New Shares.

This Prospectus includes information provided as part of the application for registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations of the Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority") and the application for listing of securities in compliance with the Listing Rules of the Saudi Exchange. The directors, whose names appear on page (D), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The Authority and the Saudi Exchange do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus is dated 23/02/1443H (corresponding to 30/09/2021G).



Education Sector



مدارس رواد الخليج الأهلية
ROWAD AL KHALEEJ PRIVATE SCHOOLS
Education for Life
التعليم من أجل الحياة



مدارس رواد الخليج العالمية
ROWAD AL KHALEEJ INTERNATIONAL SCHOOLS
Education for Life
التعليم من أجل الحياة



مدارس رواد الخليج للتربية الخاصة
ROWAD AL KHALEEJ SPECIAL EDUCATION
Education for Life
التعليم من أجل الحياة



رؤساء عالمية
International Headquarters

Training Sector



Contact Center Sector



رؤية مستقبلية، خبرات دولية
Future Vision, Global Knowledge

Important Notice

This Prospectus (the “**Prospectus**”) contains detailed information about Al Khaleej Training and Education Company and the Right Issue Shares offered for subscription. When applying to subscribe for the New Shares, investors will be treated on the basis that their applications are based on the information contained in the Prospectus, a copy of which can be obtained from Company's headquarters and from the Lead Manager or by visiting the websites of the Company(www.alkhaleej.com.sa), the Financial Advisor and Lead Manager (www.anbinvest.com.sa) and the Capital Market Authority (www.cma.org.sa).

The Prospectus shall be published and made available to the public within a period of not less than (14) days prior to the Extraordinary General Assembly on the capital increase. In the event that the Extraordinary General Assembly does not approve the capital increase within six (6) months of CMA's approval of registering and offering the Rights Issue Shares, CMA's approval shall be considered void.

The Company has appointed Arab National Investment Company as a financial advisor (“**Financial Advisor**”), lead manager (“**Lead Manager**”) and underwriter (“**Underwriter**”) in relation to the Rights Issue Offering to increase the Company's capital under this Prospectus.

The Prospectus contains information provided according to the requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority. The Directors, whose names appear on page (D), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading. Neither CMA nor the Saudi Exchange (Tadawul) do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date hereof, substantial portions of the market and industry information herein are derived from external sources, and while none of the Company, its managers, its Board of Directors, the Financial Advisor, or any of the Company's Advisors, whose names appear on page (F) (“**Advisors**”) of this Prospectus have any reason to believe that any of the market and industry information is materially inaccurate, such information has not been independently verified, and no representation is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the actual financial condition of the Company and the value of the Offer Shares may be adversely affected by future developments such as inflation, interest rates, taxation or other economic and political factors, or other ones over which the Company has no control (please refer to Section 2 “**Risk factors**”). Neither the delivery of this Prospectus nor any oral, written or printed interaction in relation to the Offering is intended to be, nor should be construed as or relied upon in any way as, a promise or representation as to future earnings, results or events.

This Prospectus may not be considered as a recommendation by the Company or the Board of Directors or any of the Advisors thereof to participate in the Offering. The information contained in this Prospectus is of a general nature prepared without taking into account individual investment objectives, financial situation or special investment needs. Each recipient of this Prospectus shall be responsible for obtaining independent professional advice from a financial advisor licensed by CMA in respect to the Offering in order to assess the appropriateness of the investment opportunity and the information contained in this Prospectus with respect to his objectives, financial situation and needs.

Registered Shareholders and other public investors (“**New Investors**”) - who have the right to trade the Rights and subscribe to the New Shares - shall be able to trade and subscribe to the Rights Issue Shares in the Saudi Exchange during the Trading Period and the Subscription Period which will begin at the same time on Monday 14/11/2023 (corresponding to 14/11/2023). The Trading Period shall end at the end of the sixth day on Monday 19/11/2023 (corresponding to 19/11/2023) (“**Trading Period**”), whereas the Subscription Period shall last until the end of the ninth day on Thursday 22/11/2023 (corresponding to 22/11/2023) (“**Subscription Period**”).

Registered Shareholders will be able to trade the Rights during the Trading Period by selling the acquired Rights or part thereof or buying additional Rights through the Exchange, and New Investors will also be able to buy Rights through the Exchange and sell Rights purchased during the Trading Period.

Subscription to the New Shares will be available during the Subscription Period in one phase as follows:

- 1- During this period, all Registered Shareholders and New Investors will be entitled to subscribe to the New Shares.
- 2- Registered Shareholders will be entitled to subscribe directly to the number of their shares or less than the number of their shares during the Subscription Period, and if they acquire New Rights, they will be able to subscribe to them after the end of the settlement period (two business days).
- 3- New Investors will be entitled to subscribe to the New Shares after the end of settlement period (two business days).
- 4- Subscription will be available electronically through the investment portfolios in the trading platforms and applications through which sale and purchase orders are entered, in addition to subscription through other channels and means available at the broker.

In the event that any shares remain unsubscribed for at the end of the Subscription Period ("**Rump Shares**"), those shares will be offered at a minimum of the Offering Price to a number of Institutional Investors ("**Institutional Investors**") (this offering is referred to as the "**Rump Offering**"), and such Institutional Investors shall submit offers to purchase the Rump Shares. Receipt of such offers will start at 10:00 am on Tuesday 15/12/2020, (corresponding to 15/12/2020) until 5:00 pm on Wednesday 16/12/2020, (corresponding to 16/12/2020), (the "**Rump Offering Period**"). Rump shares will be allocated to the Institutional Investors with the highest bid, then the lowest and the lowest. The shares will be allocated proportionately to the Institutional Investors submitting the same offer. As for Fractional Shares (if any), they will be added to the Rump Shares and treated similarly. The total Offering Price of the Rump Shares will be paid to the Company and the rest of the proceeds from the sale of those Rump Shares and the Fractional Shares (exceeding the Offering Price, if any) will be distributed without deducting any fees to the eligible persons who have not exercised their right to subscribe either in whole or in part, as well as holders of fractional shares, each according to what he may be entitled to no later than 16/12/2020 (corresponding to 16/12/2020). The investor who did not subscribe for or sell his Rights, and the owners of Fractional Shares, may not get any compensation if the Rump Shares are sold at the Offering Price.

In the event that Institutional Investors have not subscribed in all the Rump Shares and Fractional Shares, the remaining will be allocated to the Underwriters who will buy them at the Offering Price (please refer to Section 10 "**Underwriter**" and Section 12 "**Information Concerning the Shares and Terms and Conditions of the Offer**"). The final allocation of the New Shares will be announced no later than Sunday 20/12/2020 (corresponding to 20/12/2020) ("**Allocation Date**") (please refer to Section 12 "**Information Concerning the Shares and Terms and Conditions of the Offer**").

The Rights Issue Offering under this Prospectus is contingent on the Shareholders' approval and an invitation to hold an Extraordinary General Assembly shall be issued for approving the issuance of Rights Issue Shares on 16/12/2020 (corresponding to 16/12/2020). Investors shall be aware that if the shareholders' approval on the Rights Issue Offering is not obtained, such Offering will automatically void, and this Prospectus will be considered null and the shareholders will be notified accordingly.

The recipients of this Prospectus are required to inform themselves of, and observe, any regulatory and legal restrictions in relation to the subscription and sale of the New Shares.

Financial Information

The Company's audited consolidated financial statements for the financial years ended on 31 December, 2018G, 2019G and 2020G and the accompanying notes were prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

The financial statements for the period ending on 31 December, 2018G and 2019G were reviewed and audited by Aldar Audit Bureau, Abdullah Al Basri & Company, and the financial statements for the period ending on 31 December, 2020G were reviewed and audited by Al Azem, Al Sudairy, Al Shaikh and Partners. The Company issues its financial statements in Saudi Riyals.

Forecasts and Forward-Looking Statements

The forecasts set forth in this Prospectus have been prepared based on specific, publicly announced assumptions. The Company's future circumstances may differ from the assumptions used, and therefore there is no assurance, warranty or commitment given as to the accuracy or completeness of any of these forecasts.

Some of the forecasts and statements in this Prospectus represent "future projections and statements" and may be inferred through the use of certain words that indicate the future such as "will," "may," "plans," "intends," "proposes," "estimates," "believes," "expects," "it is expected," "might," "is possible," "likely," or "probable" and the variants thereof and other similar terms in meaning. These projections and statements reflect the Company's current view of future events, but do not constitute a guarantee or assurance of any future actual performance of the Company. There are many factors that may affect the Company's actual performance, achievements or results leading to a significantly difference from the expected either explicitly or implicitly. The most significant risks and factors that could lead to this were reviewed in more detail in other Sections of this Prospectus (please refer to Section 2 "Risk Factors"). In case that one or more of these risks is met, or if any of the projections and future statements in this Prospectus are incorrect or inaccurate, the actual results of the Company may differ materially from those anticipated, estimated, planned or assumed in this Prospectus.

Subject to the Rules on the Offer Securities and Continuing Obligations, the Company shall submit a supplementary Prospectus to the CMA, if it is informed at any time after CMA's approval of this Prospectus and before accepting and listing its shares on the Saudi Exchange (Tadawul) of any of the following:

- 1- An important change in the material matters contained in this Prospectus, or any document required under the Rules on the Offer Securities and Continuing Obligations; or
- 2- Any additional important issue that should have been included in the Prospectus.

Except for the abovementioned situations, the Company does not intend to update or modify any information, whether as a result of new information, future events or otherwise. As a result of the foregoing, risks, assumptions and other uncertainties, the projections of future events and circumstances described in this Prospectus may not occur as the Company expects or may not occur at all. Therefore, potential investors should examine all future statements in the light of these interpretations and should not rely on these future statements in the first place.

Company's Directory

The Company Board of Directors

Table 1: Company's Board of Directors

Name	Position	Represented side	Nationality	Age	Membership status	Date of appointment	Shares owned *		
							Direct	Indirect	%
Abdulaziz Hammad Nasser AlBlaihid**	Chairman	In his personal capacity	Saudi	82	Non-Independent /Non-exec	05/02/2006G	2,250,000	964	5.0021%
Abdulaziz Rashed AbdulRahman AlRashed***	Vice-Chairman	In his personal capacity	Saudi	77	Non-Independent /Non-exec	05/02/2006G	1,801,284	348,964	4.7783%
Alwaleed Abdulrazak Saleh AlDryaan	Managing Director/ CEO	In his personal capacity	Saudi	62	Non-Independent /Executive	05/02/2006G	3,678,478	-	8.1744%
Ahmad Ali Ahmad AlShadawi****	Member of the Board of Directors	In his personal capacity	Saudi	81	Non-Independent /Non-exec	05/02/2006G	123,595	964	0.2768%
Ali Abdulkhaleq AbdulRahman AlQarni	Member of the Board of Directors	In his personal capacity	Saudi	68	Independent /Non-exec	12/02/2021G	100	-	0.0002%
Abdullah Saghir Muhammad AlHusseini	Member of the Board of Directors	In his personal capacity	Saudi	55	Independent /Non-exec	12/02/2021G	1	-	0.000002%
AbdulMalik AbdulRahman Abdullah AlSheikh	Member of the Board of Directors	In his personal capacity	Saudi	55	Independent /Non-exec	12/02/2021G	100	-	0.0002%
Abdullah Muhammad Suleiman Jibreen	Member of the Board of Directors	In his personal capacity	Saudi	62	Independent /Non-exec	12/02/2021G	1,000	-	0.0022%

Source: The Company

* As of 16/09/2021G

** The indirect ownership of Mr. Abdulaziz Hammad Nasser AlBlaihid results from his 25.0% ownership in Al Khaleej Limited Company which owns 0.0086% of Al Khaleej Training and Education Company shares.

*** The indirect ownership of Mr. Abdulaziz Rashed AbdulRahman AlRashed from (1) his 25.0% ownership in Al Khaleej Limited Company which owns 0.0086% of Al Khaleej Training and Education Company shares and (2) his 20.0% ownership in Rashed AbdulRahman AlRashed and Sons Company which owns 3.87% of Al Khaleej Training and Education Company shares.

**** The indirect ownership of Mr. Ahmad Ali Ahmad AlShadawi results from his 25.0% ownership in Al Khaleej Limited Company which owns 0.0086% of Al Khaleej Training and Education Company shares.

Company's Address and Representatives

Company Address

Al Khaleej Training and Education Company

Olaya street
P.O. Box 295300 - Riyadh 11351
Kingdom of Saudi Arabia
Tel: +966 11 462 3260
Fax: +966 11 462 2074
Email: info@alkhaleej.com.sa
Website: www.alkhaleej.com.sa



Company Representatives

Alwaleed Abdulrazak AlDryaan

Managing Director/CEO
Olaya street
P.O. Box 295300 - Riyadh 11351
Kingdom of Saudi Arabia
Tel: +966 11 462 3260 + Ext 1151
Fax: +966 11 293 4915
Email: aldryaan@alkhaleej.com.sa

Sherif Esmat Hussein

Chief Financial Officer
Olaya street
P.O. Box 295300 - Riyadh 11351
Kingdom of Saudi Arabia
Tel: +966 11 462 3260 + Ext 1560
Fax: +966 11 293 4915
Email: Sherif.Esmat@alkhaleej.com.sa

Stock Market

Saudi Exchange

King Fahd Road, Olaya 6897
Unit no. 15
Riyadh 12211 - 3388
Kingdom of Saudi Arabia
Tel: +966 11 92000 1919
Fax: +966 11 218 9133
Email: csc@saudiexchange.sa
Website: www.saudiexchange.sa



Advisors

Financial Advisor, Lead Manager and Underwriter

Arab National Investment Company

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Arab National Investment Company Building
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Kingdom of Saudi Arabia
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Legal Advisor

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Auditors

For the financial year ending on December 31, 2020G

Al Azem, Al Sudairy, Al Shaikh and Partners

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For the financial years ending on December 31, 2018G and 2019G

Aldar Audit Bureau, Abdullah Al Basri & Company

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Note:

The above-mentioned Advisors submitted their written consent to include their names, logos and statements in the form and content included in this Prospectus. None of such approvals have been withdrawn until the date of this Prospectus.

Summary of the Offering

This summary of the Offering is intended to provide a brief background of the information presented in this Prospectus. Therefore, this summary does not contain all information that may be of interest to shareholders and other general Institutional and Individual Investors. Accordingly, the recipients of this Prospectus must read it in full before making any investment decision to subscribe to or trade in Rights Issue Shares. In particular, it is necessary to take into account the "Important Notice" and Section 2 "Risk Factors" of this Prospectus. The following is a summary of the Offering:

<p>The Company</p>	<p>Al Khaleej Training and Education Company was initially established as a limited liability Company under the name of "Al Khaleej Training and Electronic Industries Company" under commercial registration no. 1010103367 issued in Riyadh on 30/05/1413H (corresponding to 24/11/1992G). On 15/09/1424H (corresponding to 10/11/2003G) the name of the Company was changed to "Al Khaleej Training and Education Company". On 25/11/1427H (corresponding to 16/12/2006G) the legal entity of the Company was converted from a limited liability Company to a closed joint stock Company pursuant to the Ministerial Resolution No. 3548. On 30/11/1428H (corresponding to 10/12/2007G), the Company's shares were listed on the Saudi Exchange.</p> <p>The Company's head office is located in Riyadh, Olaya street, P.O. Box 295300, Riyadh 11351 Kingdom of Saudi Arabia.</p>
<p>Company's Activities</p>	<p>According to the Company's Commercial Registration certificate, the Company's activities include: integrated administrative services for offices, operating independent schools, primary education with a global curriculum, operating independent schools, intermediate education with an international curriculum, operating independent schools secondary education with an international curriculum, training institutes, institutes for teaching languages and speaking skills, information technology training.</p> <p>According to Article (3) of the Company's Bylaws, the Company's specific licensed purposes are</p> <ol style="list-style-type: none"> 1- Training in the field of electronics, information technology, and all kinds of training. 2- English language teaching and other educational programs. 3- Holding training courses in the field of public administration, marketing, management, accounting, social and other courses. 4- Maintenance and operation 5- Establishing and managing national and foreign schools for all educational levels. 6- Development, manufacture, operation and maintenance of electronics, installation of networks, infrastructure, computer software, technical support and all other related works. 7- Establishing and managing call centers, technical support, e-business, third-party marketing and telemarketing. 8- Providing development and operational solutions for customer services and technical support in handling complaints. 9- Owning lands in favor of the Company to establish projects related to the Company's business (schools, educational centers, institutes and sport clubs). 10- Obtaining commercial agencies, operating and managing public facilities and local employment offices. 11- Establishing and managing coffee shops, cafeterias, and importing coffee and coffee products. 12- Establishing and managing sport institutes, centers and clubs. 13- Operating school transportation 14- Establishing and managing women's centers and beauty salons. 15- Employment of workforce. 16- Operating health facilities 17- Establishing and managing franchise centers partnerships. 18- Consulting services in business administration, planning and management information. 19- Public relations, social media management, and e-marketing services.

	Persons who own 5% or more of the Company's share capital. The following table shows the Substantial Shareholders ownership before the Offering:																											
Substantial Shareholders	<table border="1"> <thead> <tr> <th rowspan="2">Shareholder</th> <th colspan="2">Direct ownership*</th> <th colspan="2">Indirect ownership*</th> <th colspan="2">Direct and Indirect ownership*</th> </tr> <tr> <th>Number of Shares</th> <th>Ownership %</th> <th>Number of Shares</th> <th>Ownership %</th> <th>Number of Shares</th> <th>Ownership %</th> </tr> </thead> <tbody> <tr> <td>Alwaleed Abdulrazak Saleh AlDryaan</td> <td>3,678,478</td> <td>8.174%</td> <td>-</td> <td>-</td> <td>3,678,478</td> <td>8.174%</td> </tr> <tr> <td>Abdulaziz Hammad Nasser AlBlaihid**</td> <td>2,250,000</td> <td>5.000%</td> <td>964</td> <td>0.0002%</td> <td>2,250,964</td> <td>5.002%</td> </tr> </tbody> </table>	Shareholder	Direct ownership*		Indirect ownership*		Direct and Indirect ownership*		Number of Shares	Ownership %	Number of Shares	Ownership %	Number of Shares	Ownership %	Alwaleed Abdulrazak Saleh AlDryaan	3,678,478	8.174%	-	-	3,678,478	8.174%	Abdulaziz Hammad Nasser AlBlaihid**	2,250,000	5.000%	964	0.0002%	2,250,964	5.002%
	Shareholder		Direct ownership*		Indirect ownership*		Direct and Indirect ownership*																					
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Source: The Company * As of 16/09/2021G ** The indirect ownership of Mr. Abdulaziz Hammad Nasser AlBlaihid results from his 25.0% ownership in Al Khaleej Limited Company which owns 0.0086% of Al Khaleej Training and Education Company shares.																												
Nature of the Offering	Capital increase by way of Rights Issue.																											
Use of Proceeds	The net proceeds of the Offering are expected to be 196.0 million SAR after deduction of the Offering expenses of c. 4.0 million SAR, noting that this amount is estimated and not final. Net Offering Proceeds will be used to support the Company's expansion in the education segment and to pay part of the short-term facilities. The table below shows the proposed use of the Offering Proceeds:																											
	<table border="1"> <thead> <tr> <th>Description</th> <th>Value (SAR million)</th> </tr> </thead> <tbody> <tr> <td>Expansion in the Education Segment</td> <td>96</td> </tr> <tr> <td>Repayment of Short-Term Loans</td> <td>100</td> </tr> <tr> <td>Offering Expenses</td> <td>4</td> </tr> <tr> <td>Offering Proceeds</td> <td>200</td> </tr> </tbody> </table>	Description	Value (SAR million)	Expansion in the Education Segment	96	Repayment of Short-Term Loans	100	Offering Expenses	4	Offering Proceeds	200																	
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For further details on the use of Offering proceeds, please refer to Section 6 "Use of Offering Proceeds."																												
The Company's capital before the Offering	Four hundred and fifty million (450,000,000) Saudi Riyals.																											
Total number of current and issued shares Prior to the Offering	Forty-five million (45,000,000) ordinary shares fully paid.																											
Nominal value of the share	Ten (10) Saudi Riyals per share.																											
Capital Increase	Increasing the Company's share capital by two hundred million (200,000,000) Saudi Riyals from four hundred and fifty million (450,000,000) Saudi Riyals to six hundred and fifty million (650,000,000) Saudi Riyals.																											
Total number of shares offered	Twenty million (20,000,000) ordinary shares.																											
Percentage of increase in share capital	44.4%.																											
Offering Price	Ten (10) Saudi Riyals per share.																											
Total Offering value	Two hundred million (200,000,000) Saudi Riyals.																											
Adjusted Price	The Company's share price on the Saudi Exchange has been adjusted to SAR 9.50 per share by the end of trading day of the Extraordinary General Assembly approving the Capital Increase. This represents a decrease in the share price by SAR 0.50 per share.																											
Number of Rights issued	Twenty million (20,000,000) Rights.																											
Number of shares underwritten	Twenty million (20,000,000) ordinary shares.																											
Total value of underwritten shares	Two hundred million (200,000,000) Saudi Riyals.																											
Total number of shares post Offering	Sixty five million (65,000,000) shares.																											

Company's capital post Offering	Six hundred and fifty million (650,000,000) Saudi Riyals.
Offering Expenses	The Company will bear all the costs associated with the Offering, which is estimated to be around 4.0 million Saudi Riyals. These expenses will be deducted from the Offering Proceeds amounting to 200 million Saudi Riyals. These expenses include the expenses and fees of the Financial Advisor, Legal Advisor, Lead Manager, Underwriter, in addition to the advertising and printing expenses and other expenses related to the Offering. These costs are estimated and not final.
Registered Shareholders	Shareholders at the end of the trading day of the Extraordinary General Assembly approving the Capital Increase who are registered in the Company's shareholders register at the Depository Center at the end of the second trading day following the Extraordinary General Assembly approving the Capital Increase on 14/11/2023 (corresponding to 14/11/2023).
New Investors	All investors, whether individuals or Institutional Investors - other than Registered Shareholders - who have purchased Rights during the Trading Period.
Target Investors	Registered Shareholders and New Investors.
Public	In the Rules on the Offer of Securities and Continuing Obligations, Public means the persons other than the following: 1- Affiliates of the issuer. 2- Substantial shareholders of the issuer. 3- Directors and senior executives of the issuer. 4- Directors and senior executives of affiliates of the issuer. 5- Directors and senior executives of substantial shareholders of the issuer. 6- Any relatives of the persons in (1, 2, 3, 4 or 5) above. 7- Any Company controlled by any person in (1, 2, 3, 4, 5, or 6) above. 8- Persons acting in concert, with a collective shareholding of (5%) or more of the class of shares to be listed.
Rights	Tradeable securities that grant the holder the right to subscribe to the New Shares after the Capital Increase is approved, it is a right acquired by all Registered Shareholders. The Rights may be traded during the Trading Period. Each Right grants its holder eligibility to subscribe to one New Share at the Offering Price. The Rights will be deposited within two business days following the Extraordinary General Assembly approving the Capital Increase. The Rights will appear in the Registered Shareholders portfolios under a new code designated for Rights.
New Shares	Twenty million (20,000,000) ordinary shares that will be issued as a result of the Capital Increase.
Eligibility Factor	Each shareholder shall be entitled to (0.44) Right for each share he owns. This factor is the result of dividing the number of New Shares by the number of existing shares of the Company.
Eligibility Date	Shareholders at the end of the trading day of the Extraordinary General Assembly approving the Capital Increase who are registered in the Company's shareholders register at the Depository Center at the end of the second trading day following the Extraordinary General Assembly approving the Capital Increase on 14/11/2023 (corresponding to 14/11/2023).
Trading Period	The Trading Period starts on Monday 14/11/2023 (corresponding to 14/11/2023) and lasts up to Monday 20/11/2023 (corresponding to 20/11/2023). During this period, all Rights holders, whether Registered Shareholders or New Investors, may trade Rights.
Subscription Period	The Subscription Period starts on Monday 14/11/2023 (corresponding to 14/11/2023), and lasts up to Thursday 17/11/2023 (corresponding to 17/11/2023). During this period, all Rights holders, whether Registered Shareholders or New Investors, may exercise their rights to subscribe for the New Shares.
Rump Shares	The Rump Shares, if any, are the shares that remain unsubscribed during the Subscription Period.
Rump Offering	In the event that any shares remain unsubscribed for at the end of the Subscription Period ("Rump Shares"), those shares will be offered at a minimum of the Offering Price to a number of Institutional Investors ("Institutional Investors"), and such Institutional Investors shall submit offers to purchase the Rump Shares. Receipt of such offers will start at 10:00 am on Tuesday 14/11/2023 (corresponding to 14/11/2023) until 5:00 pm on Wednesday 15/11/2023 (corresponding to 15/11/2023). Rump shares will be allocated to the Institutional Investors with the highest bid, then the lowest and the lowest. The shares will be allocated proportionately to the Institutional Investors submitting the same offer. As for Fractional Shares (if any), they will be added to the Rump Shares and treated similarly.
Eligible Persons	All Rights holders, whether Registered Shareholders or New Investors who have purchased Rights during the Trading Period.

Payment of compensation (if any)	Cash compensation will be paid to Eligible Persons who have not fully or partially exercised their right to subscribe in the New Shares and to those who are entitled to fractional shares by Thursday H (corresponding to G) (please refer to Section 12 " Information Concerning the Shares and Terms and Conditions of the Offer "). Note that the amounts of compensation represent the remaining proceeds of the sale of the Rump Shares and fractional shares (the amount over the Offering Price) of the Rump Offering.
Listing and Trading of Rights	Tadawul is preparing mechanisms to regulate Rights trading in its systems, and a separate Rights symbol will be designated, distinct from the symbol used for the Company's existing shares on Tadawul's interface. During the Trading Period, the shareholders have several options, including selling the Rights or any part thereof in the Exchange, purchasing additional Rights through the Exchange or abstaining from taking any action on the Rights Issue Shares either by selling them or purchasing additional Rights. During the Trading Period, New Investors will have the right to buy Rights in the Exchange, or sell it all or in part, or take no action on Rights acquired during the Trading Period. "Tadawul" system will void the Company's Rights symbol after the end of the Trading Period, and the trading of Rights will cease upon the end of this period.
Subscription method	Eligible Persons wishing to subscribe for the New Shares must apply electronically through electronic broker sites and platforms that offer this service to subscribers or through any other mean offered by the brokers.
Subscriptions to rights	Eligible Persons are entitled to subscribe for Rights Issue Shares electronically through the electronic websites and platforms of brokers that provide these services for subscribers or through any other means provided by brokers. Eligible Persons can also exercise their Rights as follows: 1- Registered Shareholders shall be entitled during the Subscription Period to exercise the Rights granted to them on the Eligibility Date and any additional Rights they have purchased during the Trading Period. They are also entitled to take no action on the Rights they own. 2- During the Subscription Period, New Investors have the right to exercise the Rights they have purchased during the Trading Period. They are also entitled to take no action on the Rights they own. In the event that neither the Registered Shareholders nor the New Investors exercise their rights to subscribe for the New Shares during the Subscription Period, the shares associated with such rights shall be offered in the Rump Offering Period.
Indicative value of the Right	The indicative value of the Right is the difference between the market value of the Company's shares during the Trading Period and the Offering price. Tadawul will calculate and publish the indicative value of the Right during the Trading Period, on its website, five (5) minutes late. Market information providers will also publish this information, so that investors can see the indicative value of the Right when entering orders.
Right trading price	It is the price at which the Right is traded. This price is determined by the market supply and demand mechanism, and therefore may differ from the indicative value of the Right.
Allocation Date	Shares will be allocated no later than H (corresponding to G).
Allocation of New Shares	The shares will be allocated to each investor based on the number of Right properly and fully exercised. Fractional shares, (if any) will be added together and offered to the Institutional Investors during the Rump Offering Period. The Company will receive the total Offering price of the sale of the Rump Shares and Fractional Shares. The rest of the proceeds (the amount over the Offering Price, if any) will be distributed to those who have not fully or partially subscribed for the New Shares and to the persons entitled to Fractional Shares (please refer to Section 12 " Information Concerning the Shares and Terms and Conditions of the Offer ").
Refund of excess funds	Excess Funds (if any) will be returned to subscribers without any commissions or deductions by the Lead Manager. The Surplus (if any) will be refunded no later than Thursday H (corresponding to G).
Trading of New Shares	The New Shares will start being traded in Tadawul after completion of all procedures related to the registration, allocation and listing of the New Shares.
New Shares dividends	The New Shares will be entitled to any profits announced by the Company after the date of their issuance.
Voting rights	Each shareholder shall have one vote for each share in the General Assemblies and the cumulative vote shall be used in the election of the Board of Directors. The meetings of the General Assembly may be held and the participation of the shareholder in its deliberations and voting on its decisions may be allowed by means of modern technology in accordance with the regulations established by the competent authority.
Restrictions imposed on the Shares	There are no restrictions imposed on trading the Company's shares, with the exception of the regulatory restrictions on publicly listed shares.

Restrictions imposed on the Rights	There are no restrictions imposed on subscribing for the Rights Issue Shares.
Previously Listed Shares	On 30/11/1428H (corresponding to 10/12/2007G), the Company listed eight million (8,000,000) ordinary shares on Tadawul, and offered two million and four hundred (2,400,000) ordinary shares to the Public.
Risk Factors	Investment in this Rights Issue Shares involves certain risks, and these risks can be classified into: (i) risks related to the Company's activities, (ii) risks related to the market and industry, and (iii) risks related to the New Shares (please refer to Section 2 " Risk Factors ").
Terms and conditions of Rights Issue Shares subscription	Eligible Persons wishing to subscribe must meet the relevant subscription requirements. The Company reserves the right to refuse any subscription form offered (in whole or in part) that has not fulfilled all the subscription requirements and conditions. To review the terms and conditions of the Offering, please refer to Section 12 " Information Concerning the Shares and Terms and Conditions of the Offer. "

Note:

The "**Important Notice**" and Section 2 "**Risk Factors**" contained in this Prospectus must be read carefully before making any investment decision in the Rights Issue shares in accordance with this Prospectus.

Key Dates and Subscription Procedure

Table 2: Expected timeline for the Offering

Event	Date
Date of the Extraordinary General Assembly approving the Capital Increase and setting the Eligibility Date and Eligible Shareholders. Eligible Shareholders are the shareholders who own shares at the end of the trading day of the Extraordinary General Assembly and are registered in the Company's shareholders register at the Depository Center at the end of the second trading day following the Extraordinary General Assembly.	Day \cdot H (corresponding to \cdot G)
Trading Period	The Trading Period starts on day Monday \cdot H (corresponding to \cdot G) and ends on Monday \cdot H (corresponding to \cdot G). During this period, all Rights holders may trade Rights, whether they are Registered Shareholders or New Investors.
Subscription Period	The Subscription Period starts on Monday \cdot H (corresponding to \cdot G), and lasts until the end of Thursday \cdot H (corresponding to \cdot G). During this period all Rights holders, whether they are Registered Shareholders or New Investors, may exercise their right to subscribe for new shares.
Date of end of the Subscription Period	Thursday \cdot H (corresponding to \cdot G).
Rump Offering Period	From 10:00 am on Tuesday \cdot H, (corresponding to \cdot G) until 5:00 pm on Wednesday \cdot H, (corresponding to \cdot G).
Final Allocation Notice	Sunday \cdot H (corresponding to \cdot G).
Payment of Compensation if (any) for Eligible Persons who did not participate in the subscription in whole or in part and for those who are eligible for fractional shares	Compensation will be paid (if any) no later than Thursday \cdot H (corresponding to \cdot G).
Trading date of the New Shares	The shares offered for subscription will be traded upon completion of all relevant regulatory procedures. It will be announced later on Tadawul website (www.saudiexchange.sa).

Note: All dates listed in the above table are approximate. Actual dates will be announced on Tadawul website (www.saudiexchange.sa).

Key Announcements Dates

Table 3: Key Announcements Dates

Announcement	Announcing Party	Announcement Date
Announcement regarding the invitation to the Extraordinary General Assembly on the Capital Increase	The Company	Day H (corresponding to G)
Announcement of the Extraordinary General Assembly on the Capital Increase result	The Company	Day H (corresponding to G)
Announcement of the amendment of the share price of the Company, the deposit of the Rights and the indicative value of the Right	Tadawul	Day H (corresponding to G)
Announcement of the Trading Period and Subscription Period	The Company	Day H (corresponding to G)
Announcement on adding the Rights of Al Khaleej	Edaa	Day H (corresponding to G)
Announcement of commencement of Trading Period and Subscription Period	The Company	Day H (corresponding to G)
A reminder about the last day of trading of the Rights and the importance of selling the Rights for those who do not wish to subscribe	The Company	Day H (corresponding to G)
Announcement of:		
<ul style="list-style-type: none"> Subscription Results Details of the sale of Rump Shares (if any) and the commencement of the Rump Offering Period 	The Company	Day H (corresponding to G)
Announcement of the results of the Rump Offering and notice of final allocation	The Company	Day H (corresponding to G)
Announcement of the deposit of the New Shares in the investors' portfolios	Edaa	Day H (corresponding to G)
Announcement regarding distribution of the compensation amounts (if any)	The Company	Day H (corresponding to G)

Note: All dates listed in the above table are approximate. Actual dates will be announced on Tadawul website (www.saudiexchange.sa).

How to apply for Subscription

Subscription to the Rights Issue Shares is limited to Eligible Persons, whether they are Registered Shareholders or New Investors. In the event that the Rights of Eligible Persons are not exercised, any Rump Shares that were not subscribed for by Eligible Persons will be offered to Institutional Investors during the Rump Offering Period.

Subscription Applications must be submitted through the investment portfolio on the trading platforms through which purchase and sell orders are filed in addition to the possibility of subscription through any other channels provided by the broker or custodian of shares.

The Company reserves the right to reject any application for the New Shares subscription in whole or in part, if it does not comply with any of the conditions or requirements of the subscription. The Subscription Application may not be amended or withdrawn upon its submission, and the Application shall constitute a binding contract between the Company and the Eligible Person (please refer to Section 12 "**Information Concerning the Shares and Terms and Conditions of the Offer**").

FAQs about the Rights Issue Mechanism

What is a Rights Issue?

It is a tradable security that gives its holder the right to subscribe for the new shares offered upon the approval of the capital increase. This is an acquired right of all shareholders holding shares at the end of trading on the date of the extraordinary general assembly approving the capital increase and who are registered in the company's shareholders register at the Depository Center at the end of the second trading day after the extraordinary general assembly approving the capital increase. Each right gives the holder eligibility of subscription for one new share, at the offer price.

Who is granted the Rights?

All shareholders registered in the company's register at the Depository Center at the end of the second trading day following the extraordinary general assembly approving the capital increase.

When are the Rights deposited?

This will take place within two days from the date of the extraordinary general assembly on the capital increase, and will be listed in the shareholders' portfolios under a new symbol. These rights will only be traded or subscribed to at the beginning of the Trading and Subscription Period.

How is the registered shareholder notified of the deposit of Rights in the portfolio?

The registered shareholder shall be notified through the announcements on Tadawul website, as well as through Tadawulat service provided by the Securities Depository Center and SMS messages sent by brokerage companies.

How many Rights will the registered shareholder receive?

The number depends on the subscription eligibility factor and the number of shares held by the registered shareholder according to the shareholders register at the Depository Center at the end of the second trading day following the extraordinary general assembly approving the capital increase.

What is the Eligibility factor?

It is the ratio based on which the registered shareholder can know the number of rights due to him in return for the shares he holds on the date of the extraordinary general assembly. This factor is calculated by dividing the number of new shares by the number of the company's issued shares. Therefore, the eligibility factor is approximately (0.44) right for every share owned by the registered shareholder on the eligibility date. Accordingly, if a registered shareholder owns one thousand (1,000) shares on the eligibility date, he will be allocated four hundred and forty-four (444) rights.

Will the name and trading symbol of the Rights vary from the name and symbol of the Company's shares?

Yes, rights will be deposited in the investors' portfolios under the original name, adding the Rights Issue term as well as a new symbol for these rights.

What is the value of the Rights at the beginning of trading?

The opening price will be the difference between the closing price of the company's shares on the day prior to the inclusion of the rights and the offering price. For example (using hypothetical prices), if the closing price of the previous day was twenty five (25) Saudi Riyals and the offering price is ten (10) Saudi Riyals, then the opening price for the Rights at the beginning of trading is fifteen (15) Saudi Riyals.

Who is a registered shareholder?

Any shareholder owning shares at the end of trading on the day of the extraordinary general assembly approving the capital increase, and registered in the company's shareholders registry at the Depository Center at the end of the second trading day following the extraordinary general assembly approving the capital increase.

Can registered shareholders subscribe to additional shares?

Registered shareholders can subscribe to additional shares through the purchase of new rights during the Trading Period and then subscribing through them during the Subscription Period after the purchase and settlement of the rights.

Is it possible for shareholders to lose their subscription eligibility even if they have the right to attend the extraordinary general assembly on the capital increase through issuing new shares?

Yes, shareholders will lose their subscription eligibility if they sell their shares on the day of the extraordinary general assembly approving the capital increase or one working day before.

How is the subscription process implemented?

The subscription process is implemented, as is currently being done, through submitting subscription applications during the Subscription Period through the investment portfolio on the trading platforms through which the purchase and sell orders are filed. In addition to the possibility of subscription through any other means provided by the broker.

If the company's shares are held by more than one investment portfolio, which portfolio shall be used for depositing rights?

Rights will be deposited in the same portfolio where the company's rights-related shares are deposited. For example, if a shareholder owns (1,000) shares in the company, eight hundred (800) shares in portfolio (A) and two hundred (200) shares in portfolio (B), the total amount of rights to be deposited is (1,000) rights, on the basis that each share has one right, therefore eight hundred (800) rights shall be deposited in portfolio (A) and two hundred (200) rights shall be deposited in portfolio (B).

Do share certificate holders have the right to subscribe and trade?

Yes, holders of share certificates are allowed to subscribe. However, they will not be able to trade unless share certificates are deposited in investment portfolios through brokers or Depository Center at the Saudi Exchange as well as bringing all required documents, before the end of the Subscription Period.

If the new shares are subscribed to and the rights are sold, then what happens in this case?

If a registered shareholder subscribed for new shares and then sells the rights without purchasing a number of rights equal to the number of exercised rights he/she subscribed in before the end of the Trading Period, then the subscription application will be rejected entirely, if all the rights have been sold, or partially in an amount equal to the number of sold rights. The registered shareholder will be notified and the value of the rejected subscription will be refunded through the recipient entity.

Is it permissible for those who bought additional rights to trade them again?

Yes, they are entitled to sell and buy other rights during the Trading Period only.

Is it possible to sell part of these rights?

Yes, the investor can sell part of these rights and subscribe to the remaining part.

When can a shareholder subscribe to the rights they purchased during the Trading Period?

At any time during the Subscription Period, i.e. until the ninth day (9), after settlement of the purchase of Rights (two business days).

Can the holder of rights sell or assign the right after the expiration of the Trading Period?

No, it is not possible. After the expiry of the Trading Period, the eligible person will only be entitled to exercise the right to subscribe to the share capital increase or not exercise it. In the absence of exercising the right, the investor may be vulnerable to loss or decline in the value of his investment portfolio.

What are the Trading Period and the Subscription Period?

Trading Period and Subscription Period commence on the same day until the end of the Trading on the sixth day, while the Subscription Period continues until the ninth day, according to what is mentioned in this Prospectus and the Company's announcements.

What happens to the rights that have not been sold or exercised during the Subscription Period?

The remaining shares arising from the failure to exercise or sell these rights shall be offered in the Rump Offering Period organized by the Lead Manager according to the criteria specified in this Prospectus.

Who has the right to attend the extraordinary general assembly and to vote on the capital increase through the Rights Issue Offering?

Shareholders registered in the Company's Register at the Depository Center at the end of the second trading day following the extraordinary general assembly shall have the right to attend the extraordinary general assembly and vote on the capital increase through the rights issue offering.

When will the share price be adjusted as a result of the capital increase through the rights issue offering?

The share price is adjusted by the market before the start of trading on the day following the extraordinary general assembly.

If an investor purchases securities on the day of the extraordinary general assembly on the capital increase, is he entitled to obtain the rights resulting from the capital increase?

Yes, as the investor will be registered in the company's shareholders registry two business days from the date of purchasing the shares (that is, at the end of the second trading day following the day of the extraordinary general assembly approving the capital increase), taking into consideration that the rights issue will be granted to all shareholders registered in the company's shareholders registry at the end of the second trading day following the date of the extraordinary general assembly approving the capital increase.

If an investor has more than one portfolio with more than a brokerage company, how will his rights be calculated?

The investor's share will be distributed to the portfolios owned thereby, according to the percentage of ownership in each portfolio. If there is any fraction, the fractions will be added together and if they came to a whole number, that number is added to the portfolio in which the investor has the largest number Rights.

Is it possible to subscribe during the weekend?

No, it is not possible.

Can public investors other than those registered shareholders subscribe to the rights issue shares?

Yes, after completing the purchase of the Rights through the market during the Trading Period.

Further Assistance:

In the event of any inquiries, please contact the Company on the e-mail: info@alkhaleej.com and for legal reasons, the Company will only be able to provide the information contained in this Prospectus and will not be able to provide advice on the merits of issuing rights or even provide financial, tax, legal or investment advice. For more information on the Subscription terms, conditions and instructions, please refer to Section 12 "**Information Concerning the Shares and Terms and Conditions of the Offer**".

Summary of Key Information

This summary is a brief overview of the key information included in this Prospectus. As a summary, it does not contain all the information that may be of interest to shareholders and other general institutional and individual investors. Recipients of this Prospectus should read it in full before making an investment decision regarding the Rights or the New Shares.

Company's Overview

Al Khaleej Training and Education Company was established as a limited liability Company under the name of "Al Khaleej Training and Electronic Industries Company" and registered under commercial registration no. 1010103367 issued on 30/05/1413H (corresponding to 24/11/1992G). On 15/09/1424H (corresponding to 10/11/2003G) the name of the Company was changed to "Al Khaleej Training and Education Company". On 25/11/1427H (corresponding to 16/12/2006G) the legal entity of the Company was converted from a limited liability Company to a closed joint stock Company pursuant to the Ministerial Resolution No. 3548. The Company's head office is located in Riyadh, Olaya street P.O. Box 295300 - Riyadh 11351 Kingdom of Saudi Arabia.

The Company practices its main activities through several segments: the Training Segment, the Education Segment, and the Call Center Segment. The Company has controlling stakes in a number of subsidiaries in the United Arab Emirates, the Republic of Egypt, the United Kingdom and a number of other investments.

The Company's current capital is four hundred and fifty million (450,000,000) Saudi Riyals divided into forty-five million (45,000,000) ordinary shares with a fully paid nominal value of ten (10) Saudi Riyals per share.

Major changes in the Company's capital

- Al Khaleej Training and Education Company was established under commercial registration no. 1010103367 issued in Riyadh on 30/05/1413H (corresponding to 24/11/1992G) with a capital of one million (1,000,000) Saudi Riyals divided into one thousand (1,000) shares of equal value, the value of each share being one thousand (1,000) Saudi Riyals.
- On 10/06/1418H (corresponding to 11/10/1997G), the partners decided to increase the Company's capital from one million (1,000,000) Saudi Riyals to three million (3,000,000) Saudi Riyals divided into three thousand (3,000) shares of equal value, the value of each share being one thousand (1,000) Saudi Riyals, by paying its value in cash.
- On 10/10/1425H (corresponding to 23/11/2004G), the partners decided to increase the Company's capital from three million (3,000,000) Saudi Riyals to thirty million (30,000,000) Saudi Riyals divided into thirty thousand (30,000) shares of equal value, the value of each share being one thousand (1,000) Saudi Riyals, by paying its value in cash.
- On 25/11/1427H (corresponding to 16/12/2006G), the legal entity of the Company was converted from a limited liability Company to a closed joint stock pursuant to Ministerial Resolution No. 3548 and its capital was increased from thirty million (30,000,000) Saudi Riyals to eighty million (80,000,000) Saudi Riyals, divided into eight million (8,000,000) shares with a nominal value of ten (10) Saudi Riyals each, by capitalizing fifty million (50,000,000) from the retained earnings.
- On 30/11/1428H (corresponding to 10/12/2007G), the Company's shares amounting to eight million (8,000,000) ordinary shares were listed on the Saudi Exchange by offering two million four hundred thousand (2,400,000) ordinary shares for subscription (at 65 Saudi Riyals per share) by selling 30% of the Company's shares to the Public.
- On 14/09/1429H (corresponding to 14/09/2008G), the extraordinary general assembly approved to increase the Company's capital from eighty million (80,000,000) Saudi Riyals to one hundred million (100,000,000) Saudi Riyals, by capitalizing twenty million (20,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every four (4) shares, bringing the Company's shares to ten million (10,000,000) with a nominal value of ten (10) Saudi Riyals each.
- On 08/04/1430H (corresponding to 04/04/2009G), the extraordinary general assembly approved to increase the Company's capital from one hundred million (100,000,000) Saudi Riyals to one hundred and fifty million (150,000,000) Saudi Riyals, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every two shares bringing the Company's shares to fifteen million (15,000,000) with a nominal value of ten (10) Saudi Riyals each.

- On 12/05/1432H (corresponding to 16/04/2011G) the extraordinary general assembly approved to increase the Company's capital from one hundred and fifty million (150,000,000) Saudi Riyals to two hundred million (200,000,000) Saudi Riyals, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every three (3) shares bringing the Company's shares to twenty million (20,000,000) with a nominal value of ten (10) Saudi Riyals each.
- On 18/05/1433H (corresponding to 10/04/2012G) the extraordinary general assembly approved to increase the Company's capital from two hundred million (200,000,000) Saudi Riyals to two hundred and fifty million (250,000,000) Saudi Riyals, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every four (4) shares bringing the Company's shares to twenty-five million (25,000,000) with a nominal value of ten (10) Saudi Riyals each.
- On 29/05/1434H (corresponding to 10/04/2013G) the extraordinary general assembly approved to increase the Company's capital from two hundred and fifty million (250,000,000) to three hundred million (300,000,000) Saudi Riyals, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every five (5) shares bringing the Company's shares to thirty million (30,000,000) with a nominal value of ten (10) Saudi Riyals each.
- On 15/06/1435H (corresponding to 15/04/2014G) the extraordinary general assembly approved to increase the Company's capital from three hundred million (300,000,000) Saudi Riyals to three hundred and fifty million (350,000,000) Saudi Riyals, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every six (6) shares bringing the Company's shares to thirty-five million (35,000,000) with a nominal value of ten (10) Saudi Riyals each.
- On 02/07/1436H (corresponding to 21/04/2015G) the extraordinary general assembly approved to increase the Company's capital from three hundred and fifty million (350,000,000) Saudi Riyals to four hundred million (400,000,000) Saudi Riyals, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every seven (7) shares bringing the Company's shares to forty million (40,000,000) with a nominal value of ten (10) Saudi Riyals each.
- On 08/08/1439H (corresponding to 24/04/2018G) the extraordinary general assembly approved to increase the Company's capital from four hundred million (400,000,000) Saudi Riyals to four hundred and fifty million (450,000,000) Saudi Riyals, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every eight (8) shares bringing the Company's shares to forty-five million (45,000,000) with a nominal value of ten (10) Saudi Riyals each.
- On 14/08/1440H (corresponding to 10/04/2019G) the extraordinary general assembly approved to increase the Company's capital from four hundred and fifty million (450,000,000) Saudi Riyals to six hundred and fifty million (650,000,000) Saudi Riyals by way of Rights Issue.

Summary of Company's activities

First activity: Training Segment:

One of the most significant services provided by Al Khaleej Training and Education Company is the training service in all fields (Computer, Language, Financial and Management training...) throughout its 68 centers located in the Kingdom of Saudi Arabia.

Training Segment includes:

- Computer Training
- Language Training
- Financial and Management Training
- Professional training for women in the field of hair beauty and cosmetic
- Maritime training

Second Activity: Education Segment:

The Education Segment is divided into two sub-segments: Schools and Kindergartens from one side and University projects from the other.

- Schools and Kindergartens
 - Rowad Al Khaleej International Schools (Dammam)
 - Rowad Al Khaleej National Schools (Dammam)
 - Rowad Al Khaleej International Schools (Riyadh)
 - Rowad Al Khaleej International Schools (Jeddah)
 - Baraem Rowad Al Khaleej International Schools (Riyadh)
 - Baraem Rowad Al Khaleej International Schools (Dhahran)
- University Projects

The Company has an integrated professional cadre to manage the university projects. This cadre has the highest scientific and practical qualifications, and they can meet the requirements and needs of urgent projects in a professional and elaborate manner.

Third Activity: Call Center Segment

In 2006G, the Company established a Call Center called Smart Link. Smart Link specializes in providing solution services to the integrated call centers including in-house services and out-source services, in addition to solutions for establishing, supplying, installing, operating, managing, monitoring and controlling the performance of call centers for technical support, modern customer services and support according to the latest international standards and modern technologies.

Company's Vision

To be the customer's first choice during his journey in search of knowledge and the first choice for K-12 education in the Kingdom, in addition to leading and dominating the business process outsourcing (BPO) industry at a national and regional level.

Company's Mission

To contribute in laying the foundations for the development of human resources and businesses through international experience to develop the society in line with its local view.

Company's Strategy

In the Training Segment:

- The gradual return of business to normal after ensuring the demise of the Covid-19 pandemic and its effects
- Focus on profitable growth

In the Education Segment:

- Enhancing educational quality by attracting and retaining the best educational cadres
- Increasing the student capacity through building schools and/or acquiring schools
- Increasing the market share by attracting more students
- Maintaining preparatory years' programs operating contracts in the universities the Company run
- Activating electronic platforms distinctly to serve students and parents

In the Call Center Segment:

- Setting high-quality standards through the completion of procedures for obtaining international quality certificates for technical standards and information security (ISO 27001), as well as application and adoption of approved standards for information security, and completion of obtaining certificates of conformity from relevant authorities (certificate of conformity with standards of the National Cyber Security Authority, certificate of conformity with standards of the Saudi Central Bank, and Aramco Standards Compliance Certificate)
- Activating the latest artificial intelligence methodologies in call center applications and systems as well as developing ways to activate them

Company's Values

- Professional ethics in all aspects: trust, quality and honesty
- Driven enthusiasm: motivation, leadership and empowerment
- Positive spirit as a source of motivation and inspiration
- Teamwork: collaboration, effective communication, mutual respect, care and concern
- Commitment: devotion and loyalty
- Client: dealing with the client as a partner
- Work: think and act like owners, not employees, looking for opportunities to develop and promote the company
- Safety for employees and trainees
- Social responsibility towards society and preservation of the environment

Company's Strengths and Competitive Advantages

- Experienced and skilled management team
- A wide range of service
- Ability to build brands and acquire them
- A prestigious name in the training sector
- A distinguished educational style
- A leading Company in the call center services in the Kingdom

Market Overview¹

Saudi Economy Overview

The economy of the Kingdom of Saudi Arabia is considered the largest amongst the countries of the Gulf Cooperation Council (GCC), as the Gross Domestic Product (GDP) of the Kingdom of Saudi Arabia reached about 2.53 trillion Saudi Riyals in 2020G.

Although the kingdom has witnessed a growth in its overall economy, it has been in a short-term turmoil over the past few years as a result of low oil prices and the Covid-19 pandemic. Despite these turmoil, the new structure that the Kingdom seeks is expected to achieve growth over the next five years, as it is supported by various initiatives within the framework of the National Transformation Program and the Saudi Vision 2030.

Saudi Educational Sector Overview

Education has long been a key sector in Saudi Arabia and a major recipient of government funding. Recently, focus has shifted to boosting the efficiency and quality of services, while also integrating technology in order to achieve the government's ambitious goals for the sector as part of Saudi Vision 2030, the country's economic diversification plan.

The objectives of the educational sector as part of the National Transformation Program and the Vision 2030 are broadband and drive the decision-making process by the Ministry of Education and other competent authorities, and they include the following:

- Increasing the private sector participation and allowing the foreign ownership in the educational sector.
- Developing curricula and adopting new methods of teaching and assessment.
- Introducing a new paradigm in the structure and delivery of the curriculums by increasing the focus on the "Learner-Centered approach" (LCA) methodology.

Therefore, the government allocated an amount of 185.7 billion Saudi Riyals in 2021G budget, compared to 105 billion Saudi Riyals in 2011G, so that this sector attained a larger share of the general budget allocations, representing 18.8% of government expenditure.

Public Education

87% of schools in Saudi Arabia are managed by the government. Although the private sector is expanding rapidly, public schools' enrollment rates represented 82.6% in 2020G. The educational private sector in the Kingdom is the largest among that of the GCC countries in terms of number of students and schools. However, the enrollment rate, which reached 10.9% in 2020G, remains low, compared to 70.4% in the United Arab Emirates and 40.9% in Kuwait. Enrollment rate in the foreign schools reached 6.1% in 2020G.

Higher Education

The Kingdom's government has paid special attention to higher education through investing heavily in research and establishing new and more specialized universities with the aim of increasing enrollment rates in higher education and accommodating the increasing demand driven by the population growth and other factors. Enrollment rates in higher education institutions have witnessed enormous growth in recent years, as the number of students enrolled increased from about 925 thousand students for the academic year 2010G/2011G to about 1.9 million students for the academic year 2019G/2020G.

Vocational Training

Although university enrollment is constantly increasing, there is a consensus that higher education programs need to be more closely aligned with skills gaps and labor market needs. The number of trainees in the colleges and institutes of the Technical and Vocational Training Corporation in the academic year 2019G/2020G has increased to about 241.0 thousand male and female trainees, compared to 117.5 thousand male and female trainees in the academic year 2010G/2011G.

¹ Sources:

- 57th Annual Report of the Saudi Central Bank
- 48th Annual Report of the Saudi Central Bank
- Oxford Business Group article on "Educational Reforms to Improve Teaching Quality in Saudi Arabia".

Summary of Risk Factors

There are a number of risks related to the Rights Issue Offering. Potential investors should carefully consider all the information in this Prospectus, including in particular the risk factors detailed in Section 2, "Risk Factors", before making any investment decision on the Rights or the New Shares. These risks are summarized in three main groups:

- 1- Risks related to the Company's activities
- 2- Risks related to the market and industry
- 3- Risks related to the New Shares

Summary of Financial Information

The summary of the financial statements and the table of key performance indicators should be read along with the audited financial statements for the financial years ending on 31 December, 2018G, 2019G and 2020G and the accompanying notes.

Table 4: Income Statement for the financial years ended December 31, 2018G, 2019G and 2020G

SAR '000	Financial Year Ended 31 December			Change		CAGR
	2018G (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G-2019G	2019G-2020G	2018G-2020G
Revenues	802,517	864,191	787,329	7.7%	-8.9%	-1.0%
Cost of Revenues	(644,717)	(727,016)	(683,728)	12.8%	-6.0%	3.0%
Gross Profit	157,800	137,175	103,600	-13.1%	-24.5%	-19.0%
Selling and Marketing Expenses	(41,640)	(44,740)	(44,004)	7.4%	-1.6%	2.8%
General and Administrative Expenses	(50,100)	(50,660)	(50,885)	1.1%	0.4%	0.8%
Impairment of Other Financial Assets	(8,506)	(21,240)	(4,248)	149.7%	-80.0%	-29.3%
Profit from Main Operations	57,554	20,535	4,464	-64.3%	-78.3%	-72.2%
Goodwill Impairment	(704)	(204)	-	-71.0%	-100.0%	-100.0%
Financial Charges	(26,704)	(27,938)	(14,637)	4.6%	-47.6%	-26.0%
Net Other Income	5,519	74,446	23,220	1249.0%	-68.8%	105.1%
Profit Before Zakat and Income Tax	35,664	66,839	13,046	87.4%	-80.5%	-39.5%
Zakat and Income Tax	(1,318)	(2,675)	(1,984)	103.0%	-25.9%	22.7%
Net Profit for the Year	34,347	64,163	11,063	86.8%	-82.8%	-43.2%

Source: The Company and the Financial Statements

Table 5: Balance Sheet as of December 31, 2018G, 2019G and 2020G

SAR '000	Financial Year Ended 31 December			Change		CAGR
	2018G (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G-2019G	2019G-2020G	2018G-2020G
Assets						
Non-current assets	895,037	1,044,715	1,060,502	16.7%	1.5%	8.9%
Current Assets	460,357	585,225	461,132	27.1%	-21.2%	0.1%
Total Assets	1,355,395	1,629,940	1,521,634	20.3%	-6.6%	6.0%
Equity						
Total Equity	537,850	611,822	604,841	13.8%	-1.1%	6.0%
Liabilities						
Non-current Liabilities	288,426	525,388	555,444	82.2%	5.7%	38.8%
Current Liabilities	529,119	492,731	361,349	-6.9%	-26.7%	-17.4%
Total Liabilities	817,545	1,018,118	916,793	24.5%	-10.0%	5.9%
Total Equity and Liabilities	1,355,395	1,629,940	1,521,634	20.3%	-6.6%	6.0%

Source: The Company and the Financial Statements

Table 6: Cash Flow Statement as of December 31, 2018G, 2019G and 2020G

SAR '000	Financial Year Ended 31 December		
	2018G (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)
Net Cash (used in) From Operating Activities	25,290	128,223	(16,301)
Net Cash used in Investing Activities	(38,377)	(147,176)	(62,580)
Net cash (used in) From Financing Activities	25,244	162,456	(74,815)
Net change in Cash and Cash equivalent	12,157	143,502	(153,696)
Cash and Cash equivalent at the Beginning of the Year	26,308	38,465	181,967
Cash and cash equivalent at the End of the Year	38,465	181,967	28,272

Source: The Company and the Financial Statements

Table 7: Key Performance Indicators for the financial years ended December 31, 2018G, 2019G and 2020G

SAR '000	Financial Year Ended 31 December		
	2018G	2019G	2020G
Revenue Growth Rate	13.0%	7.7%	-8.9%
Net Profit Growth Rate	-36.7%	86.8%	-82.8%
Gross Profit Margin	19.7%	15.9%	13.2%
Operating Profit Margin	7.2%	2.4%	0.6%
Net Profit Margin	4.3%	7.4%	1.4%
Current Assets / Current Liabilities	0.9	1.2	1.3
Liquidity Rate	0.8	1.2	1.2
Non-Current Assets / Non-Current Liabilities	3.1	2.0	1.9
Total Assets / Total Liabilities	1.7	1.6	1.7
Liabilities / Equity	1.5	1.7	1.5
Return on Assets	2.5%	3.9%	0.7%
Return on Equity	6.4%	10.5%	1.8%

Source: The Company

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1- Terms and Definitions

The table below lists the terms and definitions used in the Prospectus:

Table 8: Terms and Definitions

Term	Definition
The Company or the Issuer or Al Khaleej	Al Khaleej Training and Education Company, a Saudi joint stock company.
Group	Al Khaleej Training and Education Company and its subsidiaries.
Subsidiaries	Companies owned by the issuer have a controlling interest and their financial statements are consolidated with the group, which are : <ul style="list-style-type: none"> • Fast Lane Group (UAE) • Online Trading Academy Duty free-LTD (UAE) • Applied Digital Media Services Company(UAE) • Franklin Covey Middle East Company and its subsidiaries (UAE) • Al Khaleej Training and Info. Technology Company(Egypt) • Jobzella (Egypt) • Linguaphone Limited Company(UK)
The Board, Board of Directors, Board Members or Directors	The Company's Board of Directors whose names appear on page (D).
Management	The executive management of the Company.
Subscription or Offering	Offering of twenty million (20,000,000) ordinary shares of the Company's share capital at a nominal value of ten (10) Saudi Riyals per share, through the issuance of Rights Issue Shares representing an increase in the Company's share capital of two hundred million (200,000,000) Saudi Riyals, accounting for 44.4% of the Company's capital.
Offer Price	Ten (10) Saudi Riyals per share
Current Shares	Forty-five million (45,000,000) ordinary shares with a fully paid nominal value of ten (10) Saudi Riyals per share.
Rights Issue Shares, New Shares, Subscription Shares or Offered Shares	Twenty million (20,000,000) new ordinary shares issued by the Company.
Kingdom	Kingdom of Saudi Arabia.
SAR	Saudi Riyal, the local currency of the Kingdom of Saudi Arabia.
UAE	United Arab Emirates.
AED	United Arab Emirates dirham, the local currency of the United Arab Emirates.
Egypt	Republic of Egypt.
EGP	Egyptian Pound, the local currency Republic of Egypt.
Sterling	British Pound Sterling, the local currency of the United Kingdom.
Gulf Cooperation Council countries or the GCC	Kingdom of Saudi Arabia, Sultanate of Oman, United Arab Emirates, State of Kuwait, State of Qatar and Kingdom of Bahrain.
Share	A share from the Company's fully paid up with a nominal value of ten (10) Saudi Riyals.
Eligibility Date	The end of the second trading day following the Extraordinary General Assembly approving the Capital Increase.
The General Assembly	General Assembly of the Company's shareholders that are held in accordance with the Companies Law, the Company's Bylaws. It may be ordinary or extraordinary.
Ordinary General Assembly	Ordinary general assembly of the Company's shareholders.
Extraordinary General Assembly	Extraordinary general assembly of the Company's shareholders.
Extraordinary General Assembly on the Capital Increase	The Extraordinary General Assembly of the Company held to approve the increase of the Company's share capital from four hundred and fifty million (450,000,000) Saudi Riyals to six hundred and fifty million (650,000,000) Saudi Riyals through the issuance of Rights Issue Shares.

Term	Definition
Extraordinary General Assembly approving the Capital Increase	The Extraordinary General Assembly of the Company that agreed to increase the Company's capital from four hundred and fifty million (450,000,000) Saudi Riyals to six hundred and fifty million (650,000,000) Saudi Riyals through the issuance of rights issue shares.
Shareholder	The owner or holder of shares as of any specified date
Substantial Shareholders	Shareholders who own 5% or more of the Company's shares, listed below as follows: <ul style="list-style-type: none"> • Alwaleed Abdulrazak Saleh AlDryaan: ownership of 8.174% • Abdulaziz Hammad Nasser AlBlaihid: ownership (directly and indirectly) of 5.002%
Registered Shareholders	Shareholders at the end of the trading day of the Extraordinary General Assembly approving the Capital Increase, who are registered in the Company's shareholders register at the Depository Center at the end of the second trading day following the Extraordinary General Assembly approving the Capital Increase.
New Shareholders	All investors, including both individual and institutional investors - other than Registered Shareholders - who have purchased Rights during the Trading Period.
Trading Period	The Trading Period starts on Monday 14H (corresponding to 14G) and lasts up to Monday 15H (corresponding to 15G). During this period, all Rights holders, whether Registered Shareholders or New Investors, may trade Rights.
Subscription Period	The Subscription Period starts on Monday 14H (corresponding to 14G), and lasts up to Thursday 17H (corresponding to 17G). During this period, all Rights holders, whether Registered Shareholders or New Investors, may exercise their rights to subscribe for the New Shares.
Rump Offering Period	The period that starts from 10:00 am on Tuesday 15H, (corresponding to 15G) until 5:00 pm on Wednesday 16H, (corresponding to 16G).
Listing	Listing securities in the main market or - where the context of the text so dictates - submitting a listing request to the Exchange.
Eligible Persons	All Rights holders, whether Registered Shareholders or New Investors who have purchased Rights during the Trading Period.
Institutional Investors	Include a set of institutions as follows: <ol style="list-style-type: none"> 1- Government entities and Government owned companies, whether investing directly or through a portfolio manager, or any international entity recognized by the CMA, the Exchange, or any other financial market recognized by the CMA, or the Depository Center. 2- Public investment funds established in KSA and that have undergone public offering in addition to the private funds that invest in listed securities in the Saudi Exchange, if the fund's terms and conditions are in compliance with the provisions and restrictions stipulated in the Investment Funds Regulations. 3- Persons authorized to deal in securities as a principal in compliance with capital adequacy requirements. 4- Clients of a person authorized to conduct management business, provided that such an authorized person has been appointed on such terms as shall enable him to take the decisions regarding agreeing to participate in the Offering and invest in the Saudi Exchange on behalf of the Client without the need for prior approval. 5- Any other legal persons eligible to open an investment account in the Kingdom of Saudi Arabia and an account with the Depository Center, taking into consideration the rules and regulations that apply on investment by listed companies in securities, provided that the company's participation does not cause any conflict of interest. 6- Gulf investors with legal personality, including companies and funds established in the GCC countries. 7- Qualified foreign investors. 8- The legal beneficiary in a swap agreement concluded with an authorized person, in accordance with the terms and regulations of the swap agreements.
Rump Shares	The shares that remained unsubscribed after the Subscription Period.
Rump Offering	The rump shares will be offered to a number of Institutional Investors by offering them during the Rump Offering Period.
Trading Rights	Eligible Persons may trade (0.44) Rights per every one (1) share of the Company's shares whether sold or purchased in the Saudi Exchange.
Subscriber	Each eligible shareholder who subscribes to or submits an application to subscribe for the Rights Issue Shares in accordance with the terms and conditions of the Company's share issuance.
Offering Proceeds	Total value of shares subscribed.
Net Offering Proceeds	Net offering proceeds after deducting the offering expenses.

Term	Definition
Prospectus	The current prospectus prepared by the Company in relation to the Offering.
Government	The Government of the Kingdom of Saudi Arabia.
Capital Market Authority or CMA	The Capital Market Authority of Saudi Arabia.
Tadawul or the Exchange	The Saudi Exchange, the automated trading system for the Saudi stock.
Ministry of Commerce	Ministry of Commerce and Investment in the Kingdom of Saudi Arabia.
Ministry of Education	Ministry of Education in the Kingdom of Saudi Arabia.
General Authority of Zakat and Tax	On 22/09/1442H (corresponding to 04/05/2021G), the Council of Ministers approved the merging of the General Authority for Zakat and Tax and the General Authority of Customs, into one body called the "Zakat, Tax and Customs Authority". If these amendments are effective, the name of the previous authority must be changed wherever it appears in this Prospectus.
Articles of Association	The Company's Articles of Association and any of its amendments.
Companies Law	The Companies Law in the Kingdom of Saudi Arabia, issued pursuant to Royal Decree No. (M/3), dated 28/01/1437H (corresponding to 10/11/2015G), which came in force on 25/07/1437H (corresponding to 02/05/2016G), and amended by Royal Decree No. (M/79), dated 25/07/1439H (corresponding to 11/04/2018G).
The Capital Market Law	The Capital Market Law issued pursuant to Royal Decree No. M/30 dated 02/06/1424H (corresponding to 01/08/2003G), and amended by Resolution of the Board of the Capital Market Authority No. 1-104-2019 dated 01/02/1441H (corresponding to 30/09/2019G).
Corporate Governance Regulations	The Corporate Governance Regulation issued by the Capital Market Authority pursuant to Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G) pursuant to the Companies Regulations issued by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 10/11/2015G), as amended by a Resolution of The Board of the Capital Market Authority No. 1-7-2021 dated 01/06/1442H (corresponding to 14/01/2021G).
Rules for Offering Securities and Continuing Obligations	The Rules for Offering Securities and Continuing Obligations issued by the Board of the Capital Market Authority pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), based on the Companies Law issued by Royal Decree No. M/30 dated 02/06/1424 H, as amended by Decision of the Board of the Capital Market Authority No. 1-7-2021 dated 01/06/1442H (corresponding to 14/01/2021G).
Listing Rules	Listing rules issued by the Saudi Exchange Group and approved by the Capital Market Authority Board Decision No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), and amended by Resolution No. 1-22-2021 dated 12/07/1442H (corresponding to 24/02/2021G).
Financial Statements	The audited financial statements for the financial years ended 31 December, 2018G, 2019G and 2020G and the accompanying notes, which were prepared in accordance with International Financial Reporting Standards (IFRS).
Value Added Tax (VAT)	On 02/05/1438H (corresponding to 30/01/2017G), the Council of Ministers approved the unified agreement of the value added tax of the GCC, which came into force as of 01/01/2018G, as a new tax to be added to the system of taxes and other fees that should be applied by certain sectors in the Kingdom and in the GCC. VAT has been set at 5%. A number of products such as basic foods, services related to health care and education were 4 exempted from the said tax. The Board of Directors of the General Authority for Zakat and Income No. (20-3-2) dated 17/10/1441H (corresponding to 09/06/2020G) decided to amend the value-added tax system to become 15% starting from 01/07/2020G, and that with its authorities based on the fifth article of the organization of the General Authority for Zakat and Income issued by Cabinet Resolution No. (465) dated 20/7/1438H and after perusal of Royal Decree No. A/638 dated 15/10/1441H, issued regarding the amendment of the value-added tax system to allow the increase of the basic tax rate to 15% starting from the 1st of July 2020G.
Financial year	The Financial year ending on December 31 of each Gregorian year.
Business Day	Any business day except Fridays and Saturdays and any official holiday in the Kingdom of Saudi Arabia or any day during which banking institutions are closed, under the applicable laws and other governmental procedures.
Labor Law	The Saudi Labor Law issued under Royal Decree No. M/51, dated 23/08/1426H (corresponding to 27/09/2005H), and the amendments thereof.
H	The Hijri Calendar.
G	The Gregorian Calendar.
International Financial Reporting Standards (IFRS)	A set of accounting standards and their interpretations issued by the International Accounting Standards Board.
Compound annual growth rate	A method used to calculate the growth rate of a particular item over a specified period of time.

Term	Definition
Financial advisor	Arab National Investment Company.
Lead Manager	Arab National Investment Company.
Underwriter	Arab National Investment Company.
Legal advisor	Alsaleh & Alsahli Law Firm.
Advisors	The Company's advisors on the Offering, whose names are listed on page (F) of this Prospectus.
Underwriting agreement	The underwriting agreement between the Company and the Underwriter.
Risk factors	It is a set of potential factors that must be known and hedged before deciding to subscribe or trade in the rights issue. A set of potential factors that must be well identified and prepared for prior to a decision to subscribe or trade in the Rights Issue Shares.
Nationalization or Saudization	Labor regulations in the Kingdom of Saudi Arabia, which require companies operating in the KSA to employ a certain percentage of Saudis.
Nitaqat Program	A program from the Ministry of Human Resources and Social Development to motivate organizations to employ Saudi labor force. The program has been approved under resolution No. (4040), dated 28/01/1432H (corresponding to 10/09/2011G), based on the Council of Ministers Resolution No. (50), dated 13/05/1415H (corresponding to 27/10/1994G). The program evaluates the performance of the organization based on specified Nitaqat (platinum, green, yellow and red), in accordance with the activity and sector under which the organization is registered. The Nitaqat Program was amended under resolution No. (63717), dated 29/03/1441H (corresponding to 26/11/2019G, which eliminated the yellow range in the Nitaqat program.
ISO	International Organization for Standardization.
Vision 2030	The national strategic economic program that aims at reducing dependence on oil and petrochemicals, diversifying the Saudi economy, and developing public services.
Related parties	In the Rules on the Offer of Securities and Continuing Obligations, means the persons other than the following: 1- Affiliates of the issuer. 2- Substantial shareholders of the issuer. 3- Directors and senior executives of the issuer. 4- Directors and senior executives of the affiliates of the issuer. 5- Directors and senior executives of substantial shareholders of the issuer. 6- Any relatives of the persons in (1, 2, 3, 4 or 5) above. 7- Any Company controlled by any person in (1, 2, 3, 4, 5, or 6) above
Public	In the Rules on the Offer of Securities and Continuing Obligations, Public means the persons other than the following: 1- Affiliates of the issuer. 2- Substantial shareholders of the issuer. 3- Directors and senior executives of the issuer. 4- Directors and senior executives of affiliates of the issuer. 5- Directors and senior executives of substantial shareholders of the issuer. 6- Any relatives of the persons in (1, 2, 3, 4 or 5) above. 7- Any Company controlled by any person in (1, 2, 3, 4, 5, or 6) above. 8- Persons acting in concert, with a collective shareholding of (5%) or more of the class of shares to be listed.
Corona	Covid-19 pandemic

2- Risk Factors

All prospective investors should carefully consider all the information contained in this Prospectus specially the risk factors described below before taking any investment decision regarding the Rights or New Shares. The risk factors described below are not inclusive of all the risks that the Company may encounter, as there could be other risks currently unknown to the Company, which could materially and adversely affect the Company's operations if any of them materialize.

Board Members further declare that, to the best of their knowledge and belief, there are no significant risks that can affect decisions taken by shareholders as of the date of this Prospectus, except as disclosed in this Section.

An investment in the Rights Issue Shares is only suitable for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss that might result from such an investment. Prospective investors who have doubts about subscription should refer to a financial advisor licensed by the CMA for counsel on such investments.

In the event that any of the risks that the Company currently believes to be material do occur, or if any other risks that the Company fails to identify or does not currently consider to be material do occur, the market value of the Shares could decrease and prospective investors could lose all or part of their investment.

The risks and uncertainties described below are presented in an order that does not reflect their importance. Additional unknown risks and uncertainties or those deemed immaterial may have the impacts disclosed in this Prospectus.

2-1 Risks related to the Company's activities

2-1-1 Risks related to the inability to implement the Strategy

A company's ability to increase its revenue and improve its profitability depends on the extent to which its strategy is successfully achieved. The Company's strategy includes building and/or acquiring schools, focusing on profitable growth, and activating the latest artificial intelligence methodologies in call center applications and systems (please refer to Subsection 3-6 "**Company's Strategy**" from Section 3 "**Company's Background and Nature of Business**") The Company's ability to implement its strategies is subject to various factors, including those outside its control, and there are no guarantees that no disruption or sudden interruption would occur during the construction of the educational complexes, or that the employees to be appointed are competent or the systems, procedures and controls it adopts would be sufficient to support growth and expansion. The inability to implement its strategies would negatively affect the Company's business and future prospects.

2-1-2 Risks related to the inability to implement expansion plans through Acquisition

The Company's expansion plans include acquiring existing schools and adding these schools to its portfolio of schools (please refer to Section 3 "**Company's Background and Nature of Business**") and Section 6 "**Use the Offering Proceeds**"). This expansion strategy will be partially implemented through the use of the offering proceeds. Accordingly, if the Offering fails, the Company will not be able to implement its strategy, which will negatively and fundamentally affect the Company's business, financial position and future prospects. In addition, if the acquisitions do not achieve their planned economic feasibility, this will negatively affect the Company's business, financial position, results of operations and future perspectives.

Acquisitions in general involve a number of risks related to the appropriate selection of target schools, the availability of the necessary liquidity for the Company to finance the acquisition, the Company's ability to obtain the necessary funding or prior approvals from financiers to make new acquisitions, or the risks associated with the evaluation process of these schools, in addition to the Company's ability to adequately address the effects of the acquisition; including its ability to effectively manage the acquired schools and other risks. Linking the operational and administrative processes related to the captured schools with the existing school facilities requires increasing the volume of supervision and daily follow-up required by the administration, and ensuring the availability of qualified educational staff to maintain the Company's reputation and the quality of educational services it provides, and therefore the Company may incur additional operating expenses to link these operations. In case the Company's management is unable to deal with these variables pertinent to increasing the volume of its operations while maintaining the required pattern in terms of effectiveness, efficiency and quality, this would negatively and fundamentally affect the Company's business, financial position, results of operations and future perspectives.

2-1-3 Risks related to the inability to implement the expansion plan through building educational complexes

Within the framework of its plans to grow and expand, the Company is developing new educational complexes, through studying the market needs and selecting the sites that the Company deems appropriate to establish new educational complexes. As on the date of this Prospectus, it was agreed with the partner in Al Roqi National Schools to expand the construction of a complex for girls and a complex for boys affiliated with Al Roqi National Schools, and a contractor (an external party) was awarded to build an educational complex in Al-Khobar, which is expected to be operated in September 2023G, the Company has suspended completion of the necessary licenses to build schools in King Abdullah Economic City, until the vision about it becomes clear enough. In case the Company finds out that the sites chosen for the establishment of the new complexes are not suitable and do not match the expected demand. Consequently, the economic feasibility of the new projects would be negatively affected, which would also negatively and fundamentally affect the Company's business, financial position, results of operations and future prospects.

Moreover, the Company will contract with external third parties for the construction of its new educational complexes, and these projects are inherently subject to specific execution schedules. However, the accomplishment of these projects may be delayed or suspended temporarily or permanently due to various factors. Those factors include - but not limited to, delays in obtaining the necessary approvals and licenses, contractors' failure to comply with the implementation schedule, and negotiation with other parties regarding the execution of some project-related works, lack of necessary administrative, educational competencies, the financial resources... In such case, the Company will incur additional costs as a result of delaying the accomplishment of projects beyond the specified schedule or stopping them completely, which would negatively and materially affect the Company's business, financial position, results of its operations and future perspectives.

2-1-4 Risks related to franchises with international corporations and agreements with them

The Training Segment, which represents an average of 30.2% of the Group's Total Revenues for the period between 2018G and 2020G, depends on agreements with a number of international corporations, including the American Company "New Horizons" and the British Company "Direct English" as franchise agents for foreign brands. These agreements include several terms, including:

- a- Franchise businesses and their description, duration of the Franchise agreement, the method for amendment, and its geographical scope.
- b- Any consideration that the franchisee must pay to the franchisor, including the franchisor's financial consideration, fees for training the franchisee staff (if any), technical support, and the mechanism for calculating any amount paid as payment for goods or services provided to the franchisee by the franchisor or anyone in their group.
- c- Obligations of both parties regarding the franchisor's training of the franchisees employees.
- d- The franchisor's obligation to provide technical, marketing and other expertise that the nature of the granted franchise requires.
- e- The obligation of the franchisee to abide by the instructions, the method of marketing, the presentation, to preserve the identity of the franchisor, and any obligations of the franchisor related to the supply of any goods or services to the franchisee, as well as the obligation of the franchisee to obtain those goods or services from the franchisor directly or through a third party as per Franchisor's instructions.
- f- The rights of the franchisor to use any trademark and any other intellectual property rights related to the franchise business and obligations of both parties in the event of a breach of intellectual property rights and consequential compensations.
- g- The mechanism of settling any disputes related to the Franchise Agreement.
- h- The extent of the franchisor's eligibility to grant a sub-franchise to others, and the provisions related to that.
- i- The consequences and effects of any change in the ownership of the franchisee, franchisor or the identity controlling any of them. (for further details, please refer to Subsection 9-5-4 "**Franchise Contracts**" of Section 9 "**Legal Information**").

Any change in, non-renewal of these agreements or any dispute with these companies will materially affect the Company's business, financial condition, results of operations and future prospects.

2-1-5 Risks related to the inability of educational complexes to retain their current students and attract new ones

Success of the Company largely depends on the extent of its ability to maintain the current students registered in its schools and kindergartens as well as attracting new ones. Its ability to do so is affected by several factors, including - but not limited to - the level of quality of services provided by the Company, success of its promotional activities, the number of competitors in the Company's field of activity, in addition to the Company's response to changeable preferences of students and their parents. In case any of the factors affecting the quality of the services provided negatively change, such as the Company's ability to continuously develop its services in light of developments in the field of education, or its ability to develop new services to cope with these developments and to appropriately employ technology. As a result, demand rate of male and female students joining the Company's schools and kindergartens would be negatively affected. Hence, it would negatively and fundamentally affect the Company's business, financial position, results of operations and future perspectives.

Furthermore, preferences of male and female students as well as their parents for the quality of curricula or teaching methods may change, and their desire may be directed towards curricula or teaching methods different from those offered in the Company's schools and kindergartens. Hence, if the Company is unable to understand these changes in preferences and deal with them in a timely and correct manner, this would negatively and materially affect the Company's business, financial position, results of operations and future prospects.

2-1-6 Risks of Covid-19 pandemic

The outbreak of the new Covid-19 virus began in December 2019G, and the World Health Organization declared the virus as a global pandemic in March 2020G. The pandemic has negatively affected most business sectors around the world; upon the outbreak of the virus, most countries have taken precautionary measures to limit its rapid spread. The government of the Kingdom of Saudi Arabia was proactive in taking precautionary measures to prevent the spread of the virus, and on March 11, 2020G, all educational and training facilities in the Kingdom were closed. Accordingly, like other organizations, the Company's activities were affected, and the Group's total revenues from the Training Segment decreased in 2020G by 31.5% compared to 2019G. As for revenues of the Education and Call Centers Segments, they were not subject to a noticeable effect, as the revenues of the Educational Segment did not register any fundamental change between 2019G and 2020G, and the revenues of the Call Centers Segment increased by 3.1% in 2020G compared to 2019G. (For more details, please refer to Subsection 5-7 "**Income Statement**" from Section 5 "**Financial Information and Management Discussion and Analysis**").

On 03/09/1441H (corresponding to 26/04/2020G), the Royal Decree was issued to return to normal life and partially lift the curfew with application of precautionary measures of physical distancing, determining the number of people in workplaces and where services are provided. The health situation in the Kingdom while preparing this Prospectus is subject to daily follow-up by the Ministry of Health through issuing the daily statistical report to follow up the numbers of injuries, cases of recovery and deaths. All regions and cities of the Kingdom of Saudi Arabia are subject to ongoing evaluation by the Ministry of Health, which may necessitate the re-imposition of full or partial lockdown in some cities of the kingdom. Therefore, if any of that occurs, there would be a material negative impact on the Company's business, results of operations, financial position and future perspectives.

On 08/01/1443H (corresponding to 17/08/2021G), the Ministry of Education clarified the mechanisms of attendance for the academic year 1443H according to the following arrangements (1) with regards to University Education, the General Organization for Technical and Vocational Training, and general education for age groups (12) years and above; it is required to obtain two doses of the vaccine for faculty members, university employees, male and female teachers, and male and female students to be allowed in educational facilities (2) as per general education for the age group less than (12) years; it is required to obtain two doses of the vaccine for male and female teachers and workers to be allowed in educational facilities. School attendance commences when coverage with two doses of the vaccine reached (70%) of the population, or the date of 24/03/1443H corresponding to (30/10/2021G), whichever is earlier, provided that Public Health Authority informs Ministry of Education, Universities and the General Organization for Technical and Vocational Training of what it sees as the precautionary measures and health protocols for school attending to be applied within a period not exceeding a week. Even though the Company has taken all necessary measures to ensure the health and safety of its employees and the continuation of its operations, the imposition of additional precautionary measures and protocols would have a material negative impact on the Company's business, results of operations, financial position and future prospects.

2-1-7 Risks of the Company's reliance on leased sites

The Company relies on leased sites on where a number of educational complexes and the administrative building are located. As on the date of this Prospectus, the number of rented educational complexes reached four out of six educational complexes; which are Rowad Al Khaleej National Schools (Dammam) (which was leased in August 2016G for 20 years), Rowad Al Khaleej International Schools (Dammam) (which was leased in December 2019G for 15 years), Rowad Al Khaleej International Schools (Riyadh) (which was leased in December 2019G for 15 years) and Baraem Rowad Al Khaleej International Schools (Riyadh) (which was leased in December 2019G for a period of 15 years), in addition to the administrative building in Al-Ghadeer District (Riyadh) (which was leased in September 2015G for a period of 20 years) (please refer to Subsection 9-5-2 "**Contracts and Transactions Related to Real Estate Assets**" from Section 9 "**Legal Information**"). The lease commitments amounted to 322.6 million Saudi Riyals as on December, 31 2020G. Since the lease contracts are fixed-term contracts and are renewed upon the request of the parties to the contract, any increase in the rent value imposed by the landlords on the Company upon renewal would incur additional unexpected expenses, which would negatively and fundamentally affect the Company's business, financial position and results of operations and its future perspectives.

Additionally, the Company may not be able to renew all its lease contracts, or they may be renewed with different terms and conditions that may not be commensurate with its plans and strategic objectives. If the Company decides to evacuate the leased sites as a result of the termination of the lease contracts in accordance with its provisions, or the non-renewal of those contracts, or because the renewal terms do not comply with its plan, this will force the Company to incur additional costs to choose suitable sites for renting and bear the transportation costs and consequences. The Company also does not guarantee in such case the consent of all parents (in regards to educational complexes) to transfer their children to the new sites, which would negatively and materially affect the Company's business, financial position, results of operations and future expectations.

It is worth mentioning that the issuance of Cabinet Resolution No. (292) dated 16/05/1438H (corresponding to 13/02/2017G) stating that any lease contract that is not registered on the electronic network is not considered a valid contract that produces its administrative and judicial effects. Since the electronic network for rental services has been launched in cooperation between the Ministries of Justice and Housing on 17/05/1439H (corresponding to 03/02/2018G), a circular was issued by the Ministry of Justice approving the application of this to all contracts concluded after 04/05/1440H (corresponding to 10/01/2019G).

- The Company owns a piece of land in the city of Riyadh - Olaya district – which the Company uses as headquarter to conduct its administrative work, and it also utilizes it to lease some offices to some of the Company's branches and to other companies. As on the date of this Prospectus, the Company is compliant with electronically documenting all lease contracts concluded after 10/01/2019G on (Ejar) platform.
- With regard to lease contracts in which the Company stands as (tenant); not all contracts have been electronically documented on the (Ejar) platform. The Company has stated that follow-up is underway with the lessors as they are responsible for registration not the Company which is a tenant. (For more details about lease contracts, please refer to Subsection 9-5-2-2 "**Lease Agreements**" of Section 9 "**Legal information**").

Therefore, in case of any dispute arises between the Company and any of the tenants or lessors in relation to these lease contracts, it may not be considered by the Saudi courts, and consequently the Company, as a plaintiff, may not be able to protect its rights if any of the lessors breach their contractual obligations and this would negatively and constitutively affect the Company's business and future aspirations.

2-1-8 Risks of aging of educational complexes and maintaining maintenance

One of the aspects that parents look at when enrolling their children in schools and kindergartens is the quality of educational buildings and the level of maintenance these buildings are subject to. Thus, the quality of the buildings affects the rate of student turnout and enrollment in its schools and kindergartens. The depreciation rate of the Company's buildings as on December 31, 2020G ranged between 2.0% and 6.7%, and the average depreciation rate as on December 31, 2020G was 5.3%. If the Company does not provide the necessary maintenance for its current or future educational complexes for any reason or its obsolescence with time, this would affect future quality which may lead to student unwillingness towards them because of their current state, which will negatively and fundamentally affect the Company's business, financial position, results of its operations and future expectations.

Besides, if maintenance costs are higher than expected for any reason as a result of increased labor costs, contract costs with third parties, repair and maintenance costs, etc., this also would negatively and fundamentally affect the Company's business, financial position, results of operations and future prospects.

2-1-9 Risks of capital management

When managing capital, the Company aims to ensure its ability to remain so that it can continue to provide returns to shareholders, and to maintain adequate basic capital to support its business. The Company's management handles its capital by monitoring returns on net assets and monitoring the ratio of the Company's total liabilities to its total assets. The Company may make amendments to the capital in proportion to any future changes in economic conditions, and for the purpose of preserving or adjusting the capital, the Company may increase its capital. In case the management is incapable of making any necessary capital adjustments, this would negatively affect the Company's business, results of its operations, financial position and future perspectives.

2-1-10 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. The Company's liquidity ratio was 0.8, 1.2 and 1.2 as on December 31, 2018G, December 31, 2019G and December 31, 2020G, respectively. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet the Group's future commitments. But there is no guarantee that the Company will be able to meet its obligations on due dates. The Company cannot guarantee that any emergency or sudden events that may require immediate liquidity will not occur, which will negatively affect its business and consequently the results of its operational and financial operations.

2-1-11 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company, until the date of this Prospectus, has no significant concentration of credit risks. Cash and Cash equivalents are placed with local banks with sound credit ratings. Trade and other accounts receivable are mainly due from large number of customers (corporations and individuals) as well as government institutions. The Company limits its credit risk to customers by setting a credit limit for each customer and monitoring outstanding accounts. Trade and other receivables are stated at their estimated realizable values. The Company cannot guarantee that the parties it deals with will not fail to fulfill their obligations, nor it can predict their future ability to precisely fulfill that. In the event that debtors fail to pay the Company's dues or show a delay in collecting receivables from them, this will negatively affect its business and consequently the results of its operational and financial operations.

2-1-12 Risks of obtaining the right financing

The Company relies on loans and credit facilities to finance its operations, as it has entered into agreements with several local banks, and the total value of these loans and facilities has reached 471.0 million Saudi Riyals, 448.1 million Saudi Riyals and 422.2 million Saudi Riyals as on December 31, 2018G, December 31, 2019G and December 31, 2020G, respectively. Debt-to-equity ratio was 0.9, 0.7, and 0.7 as on December 31, 2018G, December 31, 2019GG and December 31, 2020G, respectively, (please refer to Subsection 5-8-3 "**Liabilities**" of Section 5 "**Financial Information and Management Discussion and Analysis**". If, in the future, the Company needs additional financing to expand its activities, it may face difficulties in obtaining financing sources, and if it obtains them, they may be at an unsuitable cost and terms. If the Company needs to increase its capital to obtain additional financing, this may lead to a decrease in the ownership percentage of the existing shareholders. The difficulty of obtaining appropriate financing in the future would negatively affect the Company, its financial position and future prospects.

2-1-13 Interest rate risk

Interest rate risk are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company's interest rate risk arises mainly from short term bank debts and long-term debts and lease obligations. Which are at floating rates of interest. All deposits and debts are subject to re-pricing on a regular basis. Management monitors the changes in interest rates on a regular basis. Despite the regular monitoring of changes in interest rates by management, if interest rates rise, financing expenses will rise, which will negatively affect the company's profitability, expectations and financial position.

2-1-14 Risks of changes in accounting standards and the adoption of new ones

The Company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia as well as other standards and issuances approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The Company is obliged to apply amendments or changes to these standards every now and then. Therefore, any changes in these standards or the mandatory application of some new standards could adversely affect the financial statements and, consequently, the Company's financial results and financial position.

2-1-15 Risks related to restrictions imposed by creditors

Terms of some of the existing financing facilities limit the Company's ability to put through certain types of procedures, for example, amending its bylaws, making change in the Company's capital or ownership structure, or restrictions on the Company to distribute profits exceeding a specific percentage without obtaining the prior approval of the creditor.

The following are the most prominent obligations of the Company in accordance with the facilities agreements concluded with local banks:

A. Risks related to restrictions imposed on the distribution of profits by the creditors:

The Company is subject to restrictions on the distribution of profits imposed by the financiers specified in the financing and credit facilities agreements (for more details about the financing and facilities agreements, please refer to Subsection 9-6 "Loans and Credit Facilities" of Section 9 "Legal information"). In some credit facility and loan agreements, restrictions are imposed on the Company regarding the distribution of profits to shareholders as follows:

- 1- Arab National Bank Agreement: The Company signed an agreement to "Mortgage Shares Listed on the Stock Exchange" as a guarantee and insurance to fulfill all its obligations towards the creditor, in accordance with the facilities agreement concluded on 20/02/2020G, through pledging a number of stock (5,230,125) shares with a nominal value (10) Saudi Riyals. The Company's mortgage for the benefit of Arab National Bank is a mandatory and enforceable mortgage for all the shares mentioned above, as well as the related contents, rights and benefits such as splitting them, bonus shares and shares resulting from exercising the rights issue and the fruits of multiplier/compounding and liquidation shares. The mortgagee (Arab National Bank) shall have the right to receive the profits resulting from the pledged shares and what is recovered from the capital in the event of a reduction in the Issuer's capital, combination or acquisition, and to use all rights related to the pledged shares except for attending or voting at the general assemblies of shareholders. Arab National Investment Company being a capital market authority with commercial registration number (1010239908) was appointed as a third party to the agreement, and has the right to take all necessary legal procedures to register and release the mortgage or implement it by selling the pledged shares or any part of it in accordance with the rules of the Securities Depository Center. The first and second parties (Al Khaleej and Arab National Bank) wished to appoint them as a trustee to keep the pledged shares or any part of them.
- 2- Al-Rajhi Bank Agreement: stipulates that "the Company shall not distribute dividends without obtaining a prior written approval from the bank, and that is until the total amount available for distribution to shareholders is determined."

The Company obtained a non-objection from all its creditors to increase its capital by 200 million Saudi Riyals to become 650 million Saudi Riyals after the increase.

B. Risks associated with non-compliance with the terms and conditions of the Loan Agreements and Credit Facilities:

It is the Company's responsibility of inform its creditors of any actual or expected change in its financial position, legal status or registered address and any amendment to its constituent documents (Article of Association or Bylaws). Whereas, some agreements require a written response / prior non-objection from the creditors before making such changes according to the following:

1- Riyadh Bank Agreement

Of breach cases: in case the Company's legal entity, ownership structure, or management is modified, or taking any decisions that would affect its obligations to the bank without consulting and obtaining a prior written approval from the bank to do so.

2- Al -Rajhi Bank Agreement

- No change in ownership: It is prohibited to make any change in the Company's capital without the prior written approval of the bank.
- Update Know Your Customer (KYC) information: The Company, on its own behalf and on behalf of the obligors, must immediately notify the bank of any change in its name, legal status, founding documents or ownership.

3- Alinma Bank Agreement

Among the Company's commitments: Notifying the bank of any possible change to its legal entity or ownership percentage, prior to making that change. Providing the bank with all the financial information of its financial position, including any change in its financial position or the occurrence of any situation that may have a negative impact on its ability to fulfill its obligations.

As for the agreements with Arab National Bank, Banque Saudi Fransi, Saudi British Bank, and Al Jazira Bank; they include commitments from the Company to immediately disclose all the Company's financial information related to its financial position when the change occurs.

The Company obtained a non-objection from all its creditors to increase its capital by 200 million Saudi Riyals to become 650 million Saudi Riyals after the increase.

In case the Company does not comply with the terms and conditions of the credit facilities and loan agreements, it allows its creditors to request immediate payment of the full value of the loan and may initiate judicial execution procedures on the assets pledged in its favor for sale and collect the value of the loans from the sale proceeds. If the Company is unable to meet its payment obligations under the loan and credit facility agreements, or breaches any of the obligations or commitments related to the debts incurred, the lenders may request payment of the debt immediately and collect the guarantees provided by the Company. In such case, there is no guarantee that the Company will be able to obtain sufficient alternative sources of financing to meet the repayment of those debts. Any of these factors will have a material negative impact on the business of the Company and its subsidiaries and its financial condition.

2-1-16 Risks of penalties, sanctions and business suspension by the competent authorities

The Company as (the license holder), is subject to a number of ongoing obligations which if the Company breaches any of them, it may incur penalties and sanctions which may be imposed by the regulatory authorities that granted the license to the Company. That would negatively and materially affect the Company's business, results of its operations, financial performance and profitability (for more details about the continuing obligations, please refer to Subsection 9-3 "**Continuing obligations as per the statutory requirements imposed by governmental entities on the Company as a license holder**" of Section 9 "**Legal Information**").

The Company, as a listed company, is also subject to the supervision of the Capital Market Authority in terms of compliance with the Capital Market Law, the implementing regulations and circulars issued by the Capital Market Authority. In case the Company is unable to comply with any of the regulations and legislations it is subject to, it will bear costs and penalties such as temporarily suspending trading on shares or canceling the listing of the Company's shares in the event of non-compliance; which would negatively and materially affect the Company's business, results of operations, financial performance and profitability.

The Company has never been subjected to any penalty (fine) issued by any government authority - particularly the Capital Market Authority - during the last 3 years 2018G, 2019G, 2020G).

2-1-17 Risks of not obtaining or not renewing the necessary licenses, permits and governmental certificates

The Company is required to obtain and maintain various permits, licenses and regulatory approvals in relation to its activities. These licenses include, but are not limited to: Company registration certificate issued by the Ministry of Commerce, Chamber of Commerce membership certificates, trademark registration certificates, Saudization certificates, zakat and income certificates, and a registration certificate for value-added tax and social insurance (for more details about the licenses and certificates obtained by the Company, please refer to Subsection 9-2 "**Certificates, Approvals and Governmental Licenses obtained by the Company**" of Section 9 "**Legal information**").

- The Company has not extracted a safety license for its main administrative branch in Riyadh-Olaya district - in addition to some of its (21) branches, that license is issued by the General Directorate of Civil Defense (Salama Website), which may expose the Company to penalties and fines stipulated in Article (30) of the Civil Law of Defense issued by Royal Decree No. (M/10) on 10/5/1406H (corresponding to 21/01/1986G) and amended by Royal Decree No. (M/66) on 02/10/1424 H (corresponding to 26/11/2003G), which states imposing a penalty on the violator of any of the provisions of this Law or its regulations or the decisions issued pursuant thereto with imprisonment for a period not exceeding six months, or a fine not exceeding 30 thousand Saudi Riyals, or both for each violation. This will also lead to the Company's failure to obtain civil defense licenses, as the Company will not be able to gain new municipal licenses or renew the existing licenses. If

the Company is unable to obtain security and safety licenses from the Civil Defense, this may lead to the closure of the Company's headquarters, branches or facilities until the completion of the legal procedures for obtaining civil defense licenses, which will negatively and fundamentally affect the Company's business, financial position, results of operations and future perspectives. Moreover, the Company may not be able to benefit from insurance policies on property and buildings against dangers if the Company does not submit a copy of the civil defense permit to insurance companies, which would deprive the Company of coverage in the event of, any damage, danger or accident (such as fire, flood, etc.) is covered in the insurance policy. Therefore, that may lead the Company to pay the cost of the breakdown, damage and work stoppage, all of which would negatively and materially affect the Company's business, financial condition, results of operations and future expectations (for more information on insurance coverage, please refer to Subsection 9-7 "Insurance Policies" of Section 9 "Legal Information" from this Prospectus).

- The Company has not extracted (professional municipal licensing from the Ministry of Municipal and Rural Affairs for its main administrative branch in Riyadh-Olaya district - in addition to some of its (20) branches, which would expose the Company to the penalties stipulated in the list of fines and penalties for municipal violations (issued by Cabinet Resolution No. 218, on 06/08/1422H (corresponding to 03/11/2001G), which specified fines ranging from (1,000) Saudi Riyals as a minimum to (5,000) Saudi Riyals as a maximum. The Group's headquarters (where the head office of each Company or its offices, food facilities, warehouses and refrigerators are located) may be closed, in addition to its inability to open an account with the labor office and benefit from the electronic services it provides, and that would negatively affect the group's business and results of operations.
- The Company has concluded (4) Franchise Agreements with foreign companies. Except for the Franchise agreement with the American Greenberry's company, the Company has not registered other Franchise Agreements along with the related disclosure document at the Ministry of Commerce in accordance with the provisions of the Commercial Franchise System issued by Royal Decree No. (122) on 09/02/1441H (corresponding to 08/10/2019G) and its implementing regulations, as each franchisor must register the franchise agreement and disclosure document at the Ministry and should be written in Arabic. If it is written in a language other than Arabic, it must have Arabic certified version. The Company's failure to comply with the franchise commercial system may expose it to the penalties stipulated in article (24) of the franchise commercial system issued by Royal Decree No. (122) dated 09/02/1441H (corresponding to 08/10/2019G) for those who violate any provision of the provisions of the system or regulation are punished with a fine not exceeding five hundred thousand Saudi Riyals.
- The Company has not yet renewed some of its commercial registrations related to its branches and a number of (8) expired commercial registrations. There is no penalty for not renewing the commercial registration, but the years that have passed without renewing the commercial registration will be calculated and added to the renewal fees.

The inability of the Company to renew its current licenses, permits and certificates or obtain any of the necessary licenses for its business, if any of its licenses are suspended or expired, if any of those licenses are renewed on conditions that are not appropriate for the Company and its Subsidiaries, or in case the Company and its subsidiaries are unable to obtain additional licenses, permits and certificates that may be required in the future, this may expose the Company and its subsidiaries to suspension and inability to conduct their business including closure of the Company or the freezing of all services provided by the regulatory authorities to them (such as renewal of licenses and certificates, the issuance of visas, residence permits "iqamas", transfer of sponsorship, etc.), which would result in disruption of the Company's operations and incurring additional costs, and thus will negatively affect the Company's business, results of its operations, financial position and future prospects.

2-1-18 Risks of litigation and lawsuits

As on the date of publishing this Prospectus, the Company does not have any existing lawsuit except for one lawsuit with the General Court related to the termination of the lease contract, where the Company, in its capacity (the lessee), filed a lawsuit against the lessor to request the termination of the lease contract located in Riyadh - Qurtuba neighborhood, Saad bin Zaid Street - It is an educational and residential complex, and as of the date of this Prospectus, the case is still under consideration in the General Court. (For more details, please refer to Subsection 9-9 "Litigation" of Section 9 "Legal information").

Since the Company's activity is based on three main Segments (the Education Segment, the Training Segment, and the Call Center Segment), it is exposed, like other establishments, in the course of carrying out its normal business in various sectors, to issues and lawsuits related to its operations, and the Company does not guarantee that a conflict will not occur between it and internal parties (such as employees or Managers) or external parties it deals with, such as students, trainees, customers, suppliers, distributors, and others. The Company also has substantial transactions and contracts with universities and government agencies in large amounts, which may lead to filing cases (financial claims or lawsuits for the termination of existing contracts due to a contractor's breach of his obligations or commitments) with the Competent Judicial authorities.

The Company cannot anticipate the results of such claims if they occur, nor does it guarantee that such claims will not have a material impact on its business, financial position and results of operations. Also, the Company cannot accurately anticipate the size of the cost of the lawsuits or judicial procedures that may be instituted or instituted against it or the final results of those lawsuits or judgments issued in them and the compensation and penalties they include, and therefore any negative consequences of such lawsuits (as a plaintiff or defendant) will adversely affect the results of the Company's operations and financial condition.

2-1-19 Risks of contracting with others

The Company enters into distribution and commercial representation agreements, lease contracts and other substantial agreements with several parties (whether a natural person or a legal person) in its normal field of business (for more details on the core contracts, please refer to Subsection 9-5 "**Material Contracts**" of Section 9 "**Legal Information**"). The Company depends on the willingness and ability of the parties with whom agreements has been concluded to fulfill their obligations under the terms and conditions of the mentioned agreements. No guarantees or assurances can be given that these parties would come up with expectations, which would negatively affect the Company's financial position and business results in case these parties are unable to fulfill their obligations.

2-1-20 Risks related to trademark protection

The Company has registered a number of trademarks that it relies on as trademarks for its business. As on the date of this Prospectus, 19 trademarks, including (6) trademarks owned by foreign companies, have been registered under licensing agreements to use the franchisor's trademark (for more information, please refer to Subsection 9-5-4 "**Franchise Contracts**") and Subsection 9-8 "**Trademarks**" of Section 9 "**Legal Information**"). The Company's competitive position also depends on its ability to continue to use these trademarks and to protect its rights related to those trademarks against any illegal use of them by third parties. If it has to defend those trademarks, it may incur high costs related to lawsuits and court proceedings, and have to divert technical and administrative human resources towards that. In addition, the outcome of any dispute may require the Company to enter into franchise or licensing agreements, which may not be available on acceptable terms, or not available at all. Thus, any of the above would have a material negative impact on the Company's business, financial condition, results of operations and future prospects.

2-1-21 Risks related to corporate governance

The Company has a corporate governance regulation that was prepared in accordance with the requirements of the Corporate Governance Regulation issued by the Capital Market Authority pursuant to Resolution No. 8-16-2017 on 16/05/1438H (corresponding to 13/02/2017G) based on the Companies Law issued by Royal Decree No. M/3 on 28/01/1437H, as amended by the decision of the Board of the Capital Market Authority No. 1-7-2021 on 01/06/1442H (corresponding to 14/01/2021G). The following are the articles that the Company did not comply with as on the date of publishing this Prospectus:

- 27/8 holding meetings on a regular basis with the non-executive members of the Board of Directors without the presence of any executive from the Company.
- Article 23/1 - approving the internal policies related to the Company's work and its development, including defining the tasks, competencies and responsibilities assigned to the various organizational levels.
- Article 23/2 - adopting a written and detailed policy defining the powers delegated to the executive management and a table showing those powers, the method of implementation and the delegation period. The Board of Directors may request the executive management to submit periodic reports on its exercise of the delegated powers.
- 94 - Company's corporate governance rules or manual.

The Company's failure to implement the Corporate Governance Regulations issued by the Authority may expose it to financial penalties under paragraph (c) of article (59) of the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G), and amended by Cabinet Resolution No. (52) on 18/01/1441H (corresponding to 17/09/2019G), which states that the Capital Market Authority may - if it becomes apparent that the Company has committed or initiated acts that constitute a violation of any of the provisions of the Law or the rules issued by the Authority - do all or any of the following:

- 1- Warning the Company.
- 2- Obliging the Company to take necessary steps to avoid the occurrence of the violation, or to take the necessary corrective steps to address the consequences of the violation.

- 3- Imposing a financial fine by the Board on any person responsible for violating this system, its implementing regulations, the regulations of the market, the depository, the clearing center and its rules, provided that the fine imposed shall not exceed five million (5,000,000) Saudi Riyals for each violation committed by the violator.

In case any financial fines related to the implementation of the Corporate Governance Regulations are imposed upon the Company, they would have a negative impact on the Company's business and the results of its operations. (For more information on the most important provisions of the Corporate Governance Regulations that the Company has complied with or not complied with, please refer to Subsection 9-3-8 "**Continuing Obligations as per the CMA requirements**" of Section 9 "**Legal information**" of this Prospectus).

2-1-22 Risks related to the adequacy of insurance coverage

The Company has (5) agreements with insurance companies to cover the following risks: Health Insurance for employees, Mandatory Car Insurance, Cash Insurance, and Insurance for Facilities and Proprieties where the Company conducts its businesses. These insurance contracts include deductible amounts and factors excluded from the insurance coverage, in addition to other restrictions related to the insurance cover to be negotiated with insurance companies, and the Company's ability to obtain compensation due from the relevant insurance companies depends on their financial solvency and ability to meet the value of this compensation, so the insurance may not cover all the losses the Company incurred and no guarantee is given that the Company will not incur losses beyond the limits of the insurance policies or outside the scope of coverage contained in these policies. It is possible that cases may arise in which the value of the claim exceeds the value of the insurance held by the Company, or that the compensation claim submitted by the Company to the relevant insurance company will be rejected, or the claim and compensation period may be prolonged, which will negatively affect the Company's business, future prospects, results of its operations and financial position (for more information on insurance coverage, please refer to Subsection 9-7 "**Insurance Policies**" of Section 9 "**Legal information**" of this Prospectus).

2-1-23 Risks related to imposing fine for violating Labor Laws

- Labor Law and its implementing regulations compel all employers that any contract with any employee or worker should be written and in two copies. Ministry of Human Resources and Social Development has also required work contracts to be electronically documented by uploading and updating the information related to employees' work contracts and granting them the opportunity to verify the validity of their contract data by documenting contracts through electronic services portal of General Organization for Social Insurance, this is in compliance with ministerial decree No. (156309) issued on 18/08/1440H (corresponding to 23/04/2019G), on notice that all contracts of employees who are contracted with immediately after the date of this decision must be documented. As for those who were contracted with in advance; documentation of their contracts is mandatory and over time periods ending at the end of fourth quarter of year 2020G. Until the date of this Prospectus, the Company is committed to documenting contracts of its employees, with a commitment rate of 122.33%.
- The Company is committed to applying the wage protection system (WPS), which is one of the programs of the Ministry of Human Resources and Social Development that aims at providing an appropriate and safe work environment for the private sector; in terms of raising the level of transparency and preserving the rights of the contracting parties. This system also monitors wage disbursement processes for all male and female employees in the private sector (Saudis and Expatriates), it also measures the extent of the establishments' commitment to paying wages on time, and at the value agreed upon between the contracting parties, aiming to reduce wage disputes between establishments and employees of the private sector. This system obliges the establishment to upload the wages disbursement file on the Ministry's Electronic Services Portal and to update the employment data periodically as soon as any changes occur. WPS also monitors the monthly wages disbursement data for establishments and compares them to the data recorded in the Ministry of Human Resources and Social Development. The Ministry monitors the employer's discipline to pay on time and at the agreed-upon value, according to what was registered in the wages protection system.
- It was found that data and numbers of employees at the Company do not match with those registered at governmental authorities; which may explain presence of employees working for the Company but not under its sponsorship, or vice versa, which is that some employees who are registered under the Company's sponsorship but work for another party without transferring their sponsorship in an orderly manner. (for more details, please refer to Subsection 9-3-3 "**Continuing Obligations as per the Ministry of Human Resources and Social Development Requirements**" of Section 9 "**Legal information**").

In case the Company does not commit to what was mentioned above, it may be considered a violation of the Labor Law and its implementing regulations. Hence, the Company will be subject to a fine of: (20) thousand Saudi Riyals for each violating employee, according to what was stated in the table of violations and penalties issued under Ministerial Resolution No. (178743) dated 27/09/1440H (corresponding to 01/06/2019G), which would negatively affect the Company's business and the results of its operations.

2-1-24 Risks related to business with Related Parties

In the course of its normal business, the Company deals with a number of related parties, including companies that are wholly or partially owned by members of the Board of Directors and their relatives. Most of them are done without framework agreements governing the contractual relationship between the parties. There are also transactions for some members of the board of directors where they have a direct or indirect interest.

The table below shows the transactions with related parties during the previous financial years:

	Nature of Business or Contract	Relationship	Stakeholder Member	Nature of Transaction	Transaction Value
1	Al Khaleej Training and Education Company (Lessor) and Al Khaleej Computer Company owned by members of the Board of Directors (tenant)	Board of Directors	<ul style="list-style-type: none"> Abdulaziz Hammad Nasser AlBlaihid Abdulaziz Rashed AbdulRahman AlRashed Ahmad Ali Ahmad AlShadawi Ahmed Muhammad Salem AlSari (former board member) 	Tenancy Agreement	1,366,000 Saudi Riyals annually
2	Al Falak Company for Electronic Equipment and Supplies, owned by the members of the Board of Directors (lessor) and Al Khaleej Training and Education Company (tenant)	Board of Directors	<ul style="list-style-type: none"> Abdulaziz Hammad Nasser AlBlaihid Abdulaziz Rashed AbdulRahman AlRashed Ahmad Ali Ahmad AlShadawi Ahmed Muhammad Salem AlSari (former board member) 	Tenancy Agreement	900,000 Saudi Riyals annually
3	Al Khaleej Training and Education Company (Service Provider) and Al Falak Company for Electronic Equipment and Supplies Owned by Board Members (Beneficiary)	Board of Directors	<ul style="list-style-type: none"> Abdulaziz Hammad Nasser AlBlaihid Abdulaziz Rashed AbdulRahman AlRashed Ahmad Ali Ahmad AlShadawi Ahmed Muhammad Salem AlSari (former board member) 	An agreement to provide consulting services in the field of hiring and attracting specialized employees and conducting training courses that qualify them to perform their job duties.	1,500,000 Saudi Riyals annually
4	Al Khaleej Training and Education Company (purchaser) and Al Falak Company for Electronic Equipment and Supplies Owned by Board Members (Vendor)	Board of Directors	<ul style="list-style-type: none"> Abdulaziz Hammad Nasser AlBlaihid Abdulaziz Rashed AbdulRahman AlRashed Ahmad Ali Ahmad AlShadawi Ahmed Muhammad Salem AlSari (former board member) 	purchase agreement for electronic equipment and products	1,000,000 Saudi Riyals annually

Source: The Company

All the Company's dealings and agreements with Related Parties are based on purely commercial bases, and the approval of the Ordinary General Assembly has been obtained for the business and contracts that have been carried out with Related Parties, and has been licensed for the coming year (for more details, please refer to Subsection 9-5-1 "Related Parties Contracts" of Section 9 "Legal Information").

The balance due for the Company's transactions with Related Parties amounted to 240.0 thousand Saudi Riyals as on 31/12/2020G (please refer to Subsection 5-8 "Balance Sheet" from Section 5 "Financial Information and Management Discussion and Analysis").

In case the contracts and transactions with Related Parties are not documented under framework agreements, they are not concluded on commercial basis, they do not obtain a general assembly's license, or if the Company is unable to collect these amounts, this would negatively and fundamentally affect the Company's business, financial position results of its operations and future prospects.

2-1-25 Risk related to management decisions

The outcomes of the Company's business depend mainly on the members of the Board of Directors who make strategic decisions regarding the Company's business and activities, and also on the ability of its executive management to implement these decisions in an adequate and appropriate manner. If the Company's management makes wrong decisions regarding its business, this would negatively affect the Company's financial position, results of operations and future expectations.

2-1-26 Risks related to the current situation of zakat and income tax

The Company submitted its zakat and tax declaration to the General Authority for Zakat and Income until 2020G, and it has received zakat assessments for all years until 2006G. The General Authority for Zakat and Income has reviewed the Company's records for the years from 2007G to 2014G, and the final evaluation resulted in zakat due of 12.9 million Saudi Riyals and was paid during 2018G. The Company has also obtained a letter from Zakat and Income Authority related to zakat assessment for fiscal years from 2015G to 2018G; according to which the authority requested the Company to pay zakat amount of 25.1 million Saudi Riyals. On 06/07/1442H (corresponding to 17/02/2021G), the Company filed an objection to General Authority for Zakat and Income before the objection deadline expiry and it is still pending at the authority.

The Company cannot anticipate the decision of the General Authority of Zakat and Tax, and if the General Authority of Zakat and Tax does not support the Company's view, it will be liable to pay 25.1 million Saudi Riyals. Additionally, the Company cannot predict that the General Authority for Zakat and Income would accept its zakat and tax estimates for each future fiscal year, so substantial zakat differences that exceed the value paid as well as fines for delaying the payment of these amounts would be imposed on the Company. That would have a negative impact on the results of the Company's business and profitability.

2-1-27 Risks related to relying on key employees and attracting talents

The Company and its future plans depend on the experiences and capabilities of its employees and its educational teams. Therefore, the Company's success may depend on its ability to ensure the continuity of these competencies, and to find alternatives in case they leave the Company. As the Company depends on the extent of its success in maintaining the relationship with clients/students through employees' retention and continuity, and on its ability to attract new qualified employees and ensure their continuity.

Despite offering encouraging salaries, bonuses and training programs to its employees, there is no assurance that the Company will be able to guarantee the continuity of their services or raise the level of their skills. The Company may also need to increase salaries in order to ensure the continuity of its employees and to attract new employees with appropriate qualifications, which may have a negative impact on the Company's financial position. All of these factors may make it difficult to maintain some employees. Moreover, the Company's loss of the services of one or more members of its senior management or its departments may impede the implementation of its work strategy which would have a negative impact on its business, financial position and results of operations.

2-1-28 Risks related to employee's behavior and errors

The Company is committed to preparing a labor regulation to organize its work according to the form prepared by the Ministry of Human Resources and Social Development. The Company may include in the regulation additional terms and conditions in a manner that does not conflict with the provisions of the Labor Law, its implementing regulations and related administrative decisions. The Company must announce the labor regulation and any amendment there in a conspicuous place in the facility or any other means to ensure that those subject to it are aware of its provisions.

The Company has a private HR Manual holding number (142038); and approved by Labor Office on 05/09/1438H (corresponding to 30/05/2017G). All employees were informed of it upon joining the Company, and any amendments are sent through modern technology means (such as emails or WhatsApp). However, the Company cannot guarantee the avoidance of employee misconduct or mistakes such as fraud, intentional or unintentional errors, embezzlement, fraud, theft, forgery, misuse of its property and acting on its behalf without obtaining the required administrative authorizations. Therefore, these actions may result in consequences and responsibilities upon the Company, legal penalties, or financial liability. Therefore, the Company cannot guarantee that the misconduct of its employees will not materially affect its financial position or results of its operations.

2-1-29 Risks related to investment

The Company's operational results partially depend on the performance of its investment portfolio. The investment outcomes are subject to several investment risks; including risks related to general economic conditions, the level of volatility of the market, fluctuations in market interest rates, cash liquidity and credit risks in addition to political conditions. As on December 31, 2020G, investments in equity instruments at fair value through other comprehensive income amounted to 271.8 million Saudi Riyals which mainly represented an investment in Al Rajhi REIT Fund (for more details, please refer to Subsection 5-8-1 "**Assets**" of Section 5 "**Financial Information and Management Discussion and Analysis**"). The inability of the Company to balance its investment portfolio and match it with its liabilities, may force it to liquidate its investments at inappropriate times and prices. The Company's investments are also focused on the Al-Rajhi REIT Fund, which implies a high level of risk. As a result, any decline in the performance, quality or returns of this investment would have a negative and material impact on the Company's financial position and outcomes of its operations.

2-1-30 Risks related to operating systems and information technology

Information technology and database systems are considered an important element in operating and managing the Company. The Company relies mainly on the Oracle (NetSuite) system to manage and operate its operations under a unified and integrated computer system in addition to the school management system, "Skyward E-learning Platform", MENA System "Human Resource Management Platform" and other systems. These systems are subject to failure or damage due to computer viruses, hack attacks, hardware failures, service interruptions by the service provider, or other reasons beyond the company's control. In case the information technology systems stop working as expected for any reason, this would disrupt the Company's business and lead to many results that will negatively and fundamentally affect the Company's business, financial position, outcomes of operations and future prospects. Additionally, if the Company is subjected to hacking attacks targeting its database or if it is unable to protect its database for any reason, this may result in the loss of this data or misuse by third parties, and that may expose the Company to legal accountability or affect its reputation in the market, which will negatively and materially affect the Company's business, financial position, results of operations and future perspectives.

2-1-31 Risks related to currency exchange rates

These risks occur when the value of a financial instrument fluctuates due to changes in foreign exchange rates. The Group's transactions are primarily in Saudi Riyals, EGP, Dirhams, Sterling and US Dollars, as the Subsidiaries are located in the UAE, Egypt and the United Kingdom, in addition to an investment in the United States. Other transactions in foreign currencies are considered insignificant, and currency risks are regularly managed.

The Group operates internationally and is exposed to currency risks arising from exposure to various currencies. The Group has investments in Subsidiaries where net assets are exposed to currency risks. These risks are currently represented in fluctuating currency conversion rates between the Saudi riyal, EGP, Dirham, Sterling and the US dollar.

Although most of the Company's operations are in Saudi Riyals and the majority of its revenues are collected in the Kingdom and in the local currency, there is no guarantee that changes in foreign currency exchange rates will not affect the outcomes of the Company's operations and financial position.

2-1-32 Risks related to Company's dependence on licensing one of its employees to practice the activity of women's sports salons and centers

The Company mainly depends on the license of a sole proprietorship to operate women's sports centers with commercial registration No. (1010167124) and a capital of 25,000 Saudi Riyals. It is managed by Alwaleed Abdulrazak Saleh AlDryaan, and it is registered in the name of Mrs. Tracy Lynn Ray Carsen; according to her employment contract with the Company she has been a regional manager since October 2003G. The institution has 5 branches inside the Kingdom where the activity of "women's sports salons and centers" is carried out. Since the revenues of the above-mentioned individual institution represent less than 1.5% of the Company's revenues and there is no side agreement between the foundation and the Company as a beneficial owner. Therefore, in case of termination of the work contract of the regional director of the women's sports center activities sector, the Company may be prevented from using their name and license and the license may be withdrawn and the name of the Managing Director of the Company who simultaneously occupies the position of Director of the proprietorship is terminated. All of this may lead to a decline in the Company's revenues from the Training Segment, which would affect its activities, financial position, results of operations, cash flows and future expectations.

2-2 Risks related to the market and industry

2-2-1 Risks of complying with existing regulations and laws and/or the issuance of new ones

The Company, like other companies operating in the kingdom of Saudi Arabia, is subject to the laws, implementing regulations, instructions and circulars prevailing in the Kingdom, including but not limited to: the Companies Law, the Ministry of Education's regulations, regulations and circulars regulating the work of educational facilities, including a graduation program or the imposition of new requirements to achieve the desired educational buildings efficiency or the adoption of more stringent quality standards than the current ones and others, the Ministry of Labor's systems, regulations and circulars, including instructions related to regulating personnel affairs, localization of jobs, or setting a minimum wage, etc., municipal and civil defense regulations, and the rules and regulations issued by the Capital Market Authority and other competent authorities. The regulatory environment where the Company operates is subject to constant change due to various reasons - local or global - that will have a significant impact on the Company's operations. The adoption of any new regulations or instructions by the competent authorities may increase the requirements that the Company must comply with, and the Company may be required to make changes in its business in accordance with those new regulations or changes. Therefore, the Company may incur additional costs or fines if it violates any laws or regulations applicable to it, and this includes any additional costs to rectify such violations. Accordingly, the Company's business, outcomes of its operations and its financial position would be negatively affected in case of the occurrence of any a violation of the relevant regulations or the introduction of additional systems that have a direct impact on the performance and profitability of the Company.

2-2-2 Risks related to the application of Value Added Tax (VAT)

The Council of Ministers decided on 02/05/1438H (corresponding to 30/01/2017G) to approve the unified agreement for value-added tax for the Countries of the Gulf Cooperation Council, which came into force on January 1, 2018G, as a new tax of 5% to be added to the system of taxes and other fees that must be committed to by specific sectors in the kingdom, including the sectors where the Company operates. And on 17/10/1441H (corresponding to 09/06/2020G), the board of directors of the General Authority for Zakat and Income decided to amend the value-added tax system to become 15% starting from 01/07/2020G. Since value-added tax is by nature allowed by the final consumer, the Company's service fees have increased to reflect the VAT, which has led to an increase in the overall price of the Company's services. The Company charges the VAT in full to the customer, but there is no guarantee that the Company will not have to bear VAT in full to the customer due to competition or other factors, which will negatively and fundamentally affect the Company's business, financial position, results of operations and future prospects.

2-2-3 Risks related to imposing new taxes

The Company and its Subsidiaries are currently submitted to legal zakat and value added tax. However, the government may impose fees or other taxes on companies in the future, which would negatively and materially affect the Company's business, financial position, consequences of operations and future prospects.

2-2-4 Risks of non-disclosure or delay in the disclosure of material events and required reports

The Company may be subject to penalties and fines if it fails to fulfill the requirements of the Capital Market Authority, the Rules on the Offer of Securities and Continuing Obligations and disclosure prevailing in the Saudi Exchange Group in terms of not disclosing some material developments or certain events (whether material or not) in accordance with articles (61) and (62) of the Rules on the Offer of Securities and Continuing Obligations. In addition to disclosing the Company's financial information and the reports of the Board of Directors in accordance with what is stated in articles (63) and (64) of the Rules on the Offer of Securities and Continuing Obligations. Company's failure to disclose or a delay in the timing of disclosure may expose the Company to penalties and fines imposed by the authority, which would have a negative impact on the Company's business, financial position and future prospects.

2-2-5 Risks related to competition

The Company operates in a strong competitive environment, and there is no guarantee that it will continue to be able to compete effectively with other companies and educational complexes in the market. The pricing policies of competitors, supply increment of competitors and providing competitive services significantly affect the Company's financial performance. There is no guarantee that the Company will be able to continue competing with these companies, especially in the education sector, where it faces competition from government and private educational service providers, and since

the private school market is witnessing intense competition, especially with the opening of new schools (international and local) in line with 2030 vision. All above mentioned factors would lead to a decrease in the Company's market share and thus negatively affect its profits and financial results.

2-2-6 Risks related to the economic conditions in the Kingdom

The expected future performance of the Company depends on a number of factors related to the economic conditions in the kingdom in general, including, but not limited to, factors of inflation, gross domestic product growth, average per capita income, and so on. As the Company's revenues depend mostly on the local market at the present time, and although the Kingdom continues to implement a policy of diversifying the economy to increase the contributions of the non-oil sectors, it still depends on oil sector as the main source of income in implementing and developing its economic plans. Consequently, any decrease in oil prices may lead to an economic slowdown or significantly reduce government spending. That will negatively affect the Kingdom's economy as a whole and all sectors as well as existing businesses in it. As a result, that would negatively and fundamentally affect the Company's business, financial position, results of operations and future prospects.

The Kingdom's sustained economic growth also depends on several other factors, including the continuation of population growth and investments of the public and private sectors in infrastructure. Therefore, any negative change in any of these factors will have a significant impact on the economy and will therefore negatively and fundamentally affect the Company's business, financial outcomes and future expectations.

2-2-7 Risks related to disasters and force majeure

Force majeure and natural disasters outside the Company's control, such as floods, earthquakes, storms, the spread of diseases, infection and others, may harm the Company's employees, facilities, and training and educational complexes if they occur. They may cause the Company to incur high costs, which may affect the Company's ability to continue practicing its operations and maintain its customer base. Consequently, its income from those operations is reduced. Accordingly, if such disasters occur and damage the Company's facilities or reputation, this would negatively and materially affect the Company's business, financial position, results of operations and future perspectives.

2-2-8 Political risks

The Middle East and North Africa region is exposed to a number of political and security risks that may affect the Kingdom of Saudi Arabia. In addition, the political, economic and social environment in this region is still subject to continuous developments, which gives investments in this region a great degree of uncertainty. As the Group's assets, operations and customers base are mainly located in the Kingdom of Saudi Arabia, the United Arab Emirates and Egypt. So, any unexpected changes in the political, economic, social or other conditions in the Middle East and North Africa may have a negative impact on the markets where the Company operates. Hence, that would negatively and fundamentally affect the Company's business, financial condition, results of operations and future prospects.

2-2-9 Risks related to inability to comply with Saudization requirements

The Ministry of Labor and Social Development implements "Nitaqat program", which is designed to encourage companies to employ Saudi nationals and increase their percentage of the total number of employees at the Company. According to "Nitaqat program", the Company's commitment to the requirements of Saudization is measured against the percentage of Saudi nationals working for the Company compared to the average percentage of Saudization in companies operating in the same sector.

According to the Saudization certificate on 20/09/1442H (corresponding to 01/05/2021G), which stated that the Company is compliant with the required Saudization percentage according to Nitaqat program:

- Saudization ratio in the Education Segment has reached 94.77%, classified under kindergarten activity - green zone - medium category (A). It also has a certificate of other fields within foreign education activity with a Saudization ratio of 54.11%, classified in the green zone - medium category (C).
- Saudization ratio in the Training Segment is 54.05%, classified under institutes activity - green zone - large.
- Saudization ratio in the Call Center Segment is 57.85%, classified under information technology activity - green zone - large.

(for more details, please refer to Subsection 9-3-3 "**Continuing obligations as per the Ministry of Human Resources and Social Development requirements**" of Section 9 "**Legal Information**").

Since the Company has three large Segments; each Segment requires a specific Saudization ratio, however, if the Company does not continue to maintain these ratios, or if the Ministry of Human Resources and Social Development decides to impose stricter Saudization policies in the future, and the Company is unable to comply with those requirements, this will lead to the imposition of penalties on the Company by government agencies, such as suspending work visa applications, transferring of sponsorship of non-Saudi employees, which will have a fundamental negative impact on the Company's business, financial position, results of operations and expectations.

2-2-10 Risks related to non-Saudi employees

The Kingdom's government has taken measures and procedures to regulate the employment of non-Saudi employees in accordance with the Labor Law and the residency(Iqama) regulations, through which it seeks to take measures against foreign companies and employees who do not work for the employer who sponsors them or do work that does not match the job title according to their residency(Iqama) licenses. Therefore, fining the Company or imposing penalties on it due to non-compliance with the regulations and instructions applied in this regard would negatively affect its activity and business outcomes.

2-2-11 Risks related to regulatory environment

The Company's business is subject to the regulations prevailing in the Kingdom. The regulatory environment where the Company operates may be subject to change. organizational changes caused by political, economic, technical, and environmental factors may have a significant impact on a Company's operations by restricting the Company's development or increasing the number of its customers, reducing the Company's operations and sale services or increasing the possibility of additional competition. The Company may deem it necessary or appropriate to modify its operations in order to work in accordance with these systems and may incur additional costs in this regard, which will have a material negative impact on the Company's operations, financial position and future prospects. In addition, failure to comply with these laws and regulations would result in administrative or criminal penalties, suspension or termination of its operations.

2-3 Risks related to the New Shares

2-3-1 Risks related to potential volatility in share price

The market price of the Company's Rights during the Offering period may not be indicative of the market price of the Company's Shares after the Offering. In addition, the Company's share price may not be stable and could be significantly affected by fluctuations resulting from a change of market trends in connection with the Rights or the Company's existing Shares. These fluctuations may also result from several factors including, among others, market conditions for equity, any regulatory changes in the sector or conditions and trends of the sector, deterioration in the Company's performance, inability to implement future plans, entry of new competitors, announcements by the Company or its competitors concerning mergers, acquisitions, strategic alliances, joint ventures, changes made by experts and securities analysts concerning the financial performance estimates.

There is no guarantee that the market price of the Company's Shares will not be lower than the Offer Price. If this happens once the investors have exercised their Rights, such subscription may not be canceled nor amended; therefore, the investors may immediately suffer from unrealized losses. Moreover, there is no guarantee that the Shareholder will be able to sell their Shares at a price equal or higher than the Offer Price after exercising their Rights. Selling substantial quantities of Shares by the shareholders or the perception that such sale may take place, may adversely affect the share price in the market. In addition, the investors may be unable to sell their Shares in the secondary market without adversely affecting the price.

2-3-2 Risks related to potential fluctuations in the price of the Rights Issue

The Rights' market price may be subject to significant fluctuations due to the change of market trends with regard to the Company's Shares. These fluctuations may be significant due to the difference between the limits of price change allowed for trading in the Rights (share's indicative value), as compared to the authorized limits of price change (10%) upward or downward. In addition, the trading price of the Rights depends on the trading price of the Company's Shares and the market perception of the potential price of the Rights. These factors and the factors mentioned under the "Risks related to potential volatility in the Share Price" above may also affect the trading price of the Rights.

2-3-3 Risks related to unprofitability or sale of Rights

There is no guarantee of profitability of the share by trading it at a higher price. In addition, there is no guarantee that it will be sold at all, which indicates that there is no guarantee of sufficient demand in the market to exercise the Rights or receive compensation from the Company.

2-3-4 Risks of trading in rights issues

Speculation in the rights issue is subject to risks that may cause material losses. The range of permissible change in the trading prices of the rights issue (the “**indicative value of the Right**”) exceeds the percentage to which the share prices are subject (10% up or down), and there is a direct relationship between the Company’s share price and the indicative value of the right. Accordingly, the daily price limits for Trading the right are affected by the daily price limits for Trading the stock.

In the event that the trader does not sell the existing rights issues before the end of the trading period of these rights, he will have to use these rights to subscribe to the new shares and may incur some losses. Accordingly, investors should familiarize themselves with the full details of the mechanism for listing and trading rights issues, its method of operation, and familiarize with all the factors affecting it to ensure that any investment decision will be based on full awareness.

2-3-5 Risks related to lack of demand for the Company’s Shares and Rights

There is no guarantee that there will be sufficient demand for the Company’s Rights during the Trading period in order to enable the holder of such Rights (whether a Registered Shareholder or a New Investor) to sell the Rights and realize a profit, or enable him to sell these Rights at all. There is also no guarantee that there will be sufficient demand for the Company’s Rump Shares by the Institutional Investors during the Rump Offering. In case the Institutional Investors do not subscribe for the Rump Shares at a high price, the compensation amount may not be sufficient in order to be distributed to the holders of unexercised Rights. Moreover, there can be no assurance that there will be sufficient market demand for the New Shares after it is traded.

2-3-6 Risks related to dilution of ownership

If the holders of the Rights do not fully exercise their Rights with respect to the acquisition of New Shares in the Offering, their shareholding percentage and voting rights will be reduced. In case the Registered Shareholder wishes to sell his Rights during the Trading Period, there can be no assurance that its returns will be sufficient to fully compensate the drop of its shareholding percentage in the Company’s capital resulting from the Company’s Capital Increase.

2-3-7 Risks related to failure to exercise the Rights in a timely manner

The subscription period will start on **H** (corresponding to **G**) and end on **H** (corresponding to **G**). The Eligible Persons and brokers representing them should take the appropriate measures to comply with all required instructions and receive their certificates prior to the expiry of the Subscription Period. If the holders of the Rights and the brokers are not able to properly follow the procedures for the trading of the Rights, the Subscription application form may be rejected (please refer to Section 12 “**Information Concerning the Shares and Terms and Conditions of the Offer**”). If the Eligible Persons are not able to exercise their subscription rights properly by the end of the Subscription Period, according to the Rights held by them, there can be no assurance that a compensation will be distributed to the eligible shareholders who did not subscribe in the New Shares.

2-3-8 Risks related to potential issuance of New Shares

If the Company decides to increase its capital by issuing New Shares and preventing existing shareholders from exercising their Rights upon issuing New Rights, their ownership will proportionally decline along with their consequent right to vote and right to receive dividends. Any additional offering may have a material impact on the share market price.

2-3-9 Risks related to dividends

Future dividends will depend on, amongst other things, future profit, financial position, capital requirements, distributable reserves, available credit of the Company, and general economic conditions. Capital increase may lead to dilution in the profitability of the shares in the future because the Company’s dividends would be distributed among a larger number of shares.

The Company does not make any assurance that any dividends will actually be paid nor any assurance as to the amount that will be distributed in any given year.

2-3-10 Risks related to forward-looking statements

Some data contained in this Prospectus constitute forward-looking statements, but are not a guarantee of performance in the future. These forward-looking statements and information involve known and unknown risks and other factors that may affect the Company's actual results and, thus, its performance and achievements. There is a number of factors that may affect the Company's actual performance, achievements and results and lead to significant variation from expressed or implied projections in the mentioned statements. Should one or more of these risks or uncertainties materialize or any underlying assumptions prove to be inaccurate, actual results may be materially different from the results mentioned in this Prospectus.

2-3-11 Risks related to suspension of trading or cancellation of the Company's shares due to not publishing the financial statements within the statutory period

In the event the Company is unable to publish its financial information within the statutory Period (30 days from the end of the financial period for the interim financial statements, and three months from the end of the financial period for the annual financial statements), the procedures for suspending the listed securities will be applied in accordance with the Listing Rules approved by the decision of the Board of the Capital Market Authority No. (1-10-2019) dated 24/05/1440H (corresponding to 30/01/2019G), which stipulate that the Market will suspend trading of the shares for a period of one trading session following the expiry of the statutory period. In the event that the financial information is not published during the twenty trading sessions following the first suspension, the Saudi Exchange shall announce the re-suspension of the Company's shares until it announces its financial results. In the event that the suspension of trading the Company's shares continues for a period of six months without the Company taking the appropriate measures to correct that suspension, the Authority may cancel the listing of the company's securities. The CMA lifts the suspension after one trading session has passed, following the announcement of the Company's financial results. However, if the Company is late in announcing its financial results, or if it is unable to publish them within the statutory period referred to above, this will cause the Company's shares suspension or cancellation, which would adversely and significantly affect the interest of the Company's shareholders, the Company's reputation and results of operations. In addition, the CMA may cancel the Offering of the Company's Rights Issue Shares in the event that it deems that the Offering may not be in the interest of the shareholders.

3- Company's Background and Nature of Business

The following information should be read together with the most detailed information contained in other parts of this Prospectus, including financial and other information in Section 5 "**Financial Information and Management Discussion and Analysis**".

3-1 Company's Overview

Al Khaleej Training and Education Company was established as a limited liability Company under the name of "Al Khaleej Training and Electronic Industries Company" and registered under commercial registration no. 1010103367 issued on 30/05/1413H (corresponding to 24/11/1992G). On 15/09/1424H (corresponding to 10/11/2003G) the name of the Company was changed to "Al Khaleej Training and Education Company". On 25/11/1427H (corresponding to 16/12/2006G) the legal entity of the Company was converted from a limited liability Company to a closed joint stock Company pursuant to the Ministerial Resolution No. 3548. The Company's head office is located in Riyadh, Olaya street P.O. Box 295300 - Riyadh 11351 Kingdom of Saudi Arabia.

The Company practices its main activities through several segments: the Training Segment, the Education Segment, and the Call Center Segment. The Company has controlling stakes in a number of subsidiaries in the United Arab Emirates, the Republic of Egypt, the United Kingdom and a number of other investments (collectively referred to as the "**Group**").

The Company's current capital is four hundred and fifty million (450,000,000) Saudi Riyals divided into forty-five million (45,000,000) ordinary shares with a fully paid nominal value of ten (10) Saudi Riyals per share.

3-2 Major changes in the Company's capital

- Al Khaleej Training and Education Company was established under commercial registration no. 1010103367 issued in Riyadh on 30/05/1413H (corresponding to 24/11/1992G) with a capital of one million (1,000,000) Saudi Riyals divided into one thousand (1,000) shares of equal value, the value of each share being one thousand (1,000) Saudi Riyals.
- On 10/06/1418H (corresponding to 11/10/1997G), the partners decided to increase the Company's capital from one million (1,000,000) Saudi Riyals to three million (3,000,000) Saudi Riyals divided into three thousand (3,000) shares of equal value, the value of each share being one thousand (1,000) Saudi Riyals, by paying its value in cash.
- On 10/10/1425H (corresponding to 23/11/2004G), the partners decided to increase the Company's capital from three million (3,000,000) Saudi Riyals to thirty million (30,000,000) Saudi Riyals divided into thirty thousand (30,000) shares of equal value, the value of each share being one thousand (1,000) Saudi Riyals, by paying its value in cash.
- On 25/11/1427H (corresponding to 16/12/2006G), the legal entity of the Company was converted from a limited liability Company to a closed joint stock pursuant to Ministerial Resolution No. 3548 and its capital was increased from thirty million (30,000,000) Saudi Riyals to eighty million (80,000,000) Saudi Riyals, divided into eight million (8,000,000) shares with a nominal value of ten (10) Saudi Riyals each, by capitalizing fifty million (50,000,000) from the retained earnings.
- On 30/11/1428H (corresponding to 10/12/2007G), the Company's shares amounting to eight million (8,000,000) ordinary shares were listed on the Saudi Exchange by offering two million four hundred thousand (2,400,000) ordinary shares for subscription (at 65 Saudi Riyals per share) by selling 30% of the Company's shares to the Public.
- On 14/09/1429H (corresponding to 14/09/2008G), the extraordinary general assembly approved to increase the Company's capital from eighty million (80,000,000) Saudi Riyals to one hundred million (100,000,000) Saudi Riyals, by capitalizing twenty million (20,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every four (4) shares, bringing the Company's shares to ten million (10,000,000) with a nominal value of ten (10) Saudi Riyals each.
- On 08/04/1430H (corresponding to 04/04/2009G), the extraordinary general assembly approved to increase the Company's capital from one hundred million (100,000,000) Saudi Riyals to one hundred and fifty million (150,000,000) Saudi Riyals, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every two shares bringing the Company's shares to fifteen million (15,000,000) with a nominal value of ten (10) Saudi Riyals each.

- On 12/05/1432H (corresponding to 16/04/2011G) the extraordinary general assembly approved to increase the Company's capital from one hundred and fifty million (150,000,000) Saudi Riyals to two hundred million (200,000,000) Saudi Riyals, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every three (3) shares bringing the Company's shares to twenty million (20,000,000) with a nominal value of ten (10) Saudi Riyals each.
- On 18/05/1433H (corresponding to 10/04/2012G) the extraordinary general assembly approved to increase the Company's capital from two hundred million (200,000,000) Saudi Riyals to two hundred and fifty million (250,000,000) Saudi Riyals, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every four (4) shares bringing the Company's shares to twenty-five million (25,000,000) with a nominal value of ten (10) Saudi Riyals each.
- On 29/05/1434H (corresponding to 10/04/2013G) the extraordinary general assembly approved to increase the Company's capital from two hundred and fifty million (250,000,000) to three hundred million (300,000,000) Saudi Riyals, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every five (5) shares bringing the Company's shares to thirty million (30,000,000) with a nominal value of ten (10) Saudi Riyals each.
- On 15/06/1435H (corresponding to 15/04/2014G) the extraordinary general assembly approved to increase the Company's capital from three hundred million (300,000,000) Saudi Riyals to three hundred and fifty million (350,000,000) Saudi Riyals, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every six (6) shares bringing the Company's shares to thirty-five million (35,000,000) with a nominal value of ten (10) Saudi Riyals each.
- On 02/07/1436H (corresponding to 21/04/2015G) the extraordinary general assembly approved to increase the Company's capital from three hundred and fifty million (350,000,000) Saudi Riyals to four hundred million (400,000,000) Saudi Riyals, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every seven (7) shares bringing the Company's shares to forty million (40,000,000) with a nominal value of ten (10) Saudi Riyals each.
- On 08/08/1439H (corresponding to 24/04/2018G) the extraordinary general assembly approved to increase the Company's capital from four hundred million (400,000,000) Saudi Riyals to four hundred and fifty million (450,000,000) Saudi Riyals, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings and granting one bonus share for every eight (8) shares bringing the Company's shares to forty-five million (45,000,000) with a nominal value of ten (10) Saudi Riyals each.
- On 14/08/1440H (corresponding to 14/04/2019G) the extraordinary general assembly approved to increase the Company's capital from four hundred and fifty million (450,000,000) Saudi Riyals to six hundred and fifty million (650,000,000) Saudi Riyals by way of Rights Issue.

3-3 Substantial Shareholders

The following table shows the ownership of the Substantial Shareholders who directly and indirectly own 5% or more of the Company's shares prior to the offering:

Table 9: Substantial Shareholders

Shareholder	Direct ownership*		Indirect ownership*		Direct and Indirect ownership*	
	Number of Shares	Ownership %	Number of Shares	Ownership %	Number of Shares	Ownership %
Alwaleed Abdulrazak Saleh AlDryaan	3,678,478	8.174%	-	-	3,678,478	8.174%
Abdulaziz Hammad Nasser AlBlaihid**	2,250,000	5.000%	964	0.002%	2,250,964	5.002%

* As of 16/09/2021G

** The indirect ownership of Mr. Abdulaziz Hammad Nasser AlBlaihid results from his 25.0% ownership in Al Khaleej Limited Company which owns 0.0086% of Al Khaleej Training and Education Company shares.

3-4 Company's Vision

To be the customer's first choice during his journey in search of knowledge and the first choice for K-12 education in the Kingdom, in addition to leading and dominating the business process outsourcing (BPO) industry at a national and regional level.

3-5 Company's Mission

To contribute in laying the foundations for the development of human resources and businesses through international experience to develop the society in line with its local view.

3-6 Company's Strategy

In the Training Segment:

- The gradual return of business to normal after ensuring the demise of the Covid-19 pandemic and its effects
- Focus on profitable growth

In the Education Segment:

- Enhancing educational quality by attracting and retaining the best educational cadres
- Increasing the student capacity through building schools and/or acquiring schools
- Increasing the market share by attracting more students
- Maintaining preparatory years' programs operating contracts in the universities the Company run
- Activating electronic platforms distinctly to serve students and parents

In the Call Center Segment:

- Setting high-quality standards through the completion of procedures for obtaining international quality certificates for technical standards and information security (ISO 27001), as well as application and adoption of approved standards for information security, and completion of obtaining certificates of conformity from relevant authorities (certificate of conformity with standards of the National Cyber Security Authority, certificate of conformity with standards of the Saudi Central Bank, and Aramco Standards Compliance Certificate)
- Activating the latest artificial intelligence methodologies in call center applications and systems as well as developing ways to activate them

3-7 Company's Values

- Professional ethics in all aspects: trust, quality and honesty
- Driven enthusiasm: motivation, leadership and empowerment
- Positive spirit as a source of motivation and inspiration
- Teamwork: collaboration, effective communication, mutual respect, care and concern
- Commitment: devotion and loyalty
- Client: dealing with the client as a partner
- Work: think and act like owners, not employees, looking for opportunities to develop and promote the company
- Safety for employees and trainees
- Social responsibility towards society and preservation of the environment

3-8 Company's Strengths and Competitive Advantages

• Experienced and skilled management team

The Company concentrates on attracting expertise and high competencies that will enable it to achieve its vision and strategy.

The Company has a management team with extensive local and international experience in the Training, Education and Call Center sectors. The Training Segment team consists of full-time trainers and engineers, each one specialized in his field, the Education Segment team consists of male and female teachers holding the highest academic and practical qualifications and English is their native language, and the Call Center Segment team consists of qualified and ambitious national cadres.

Furthermore, the presence of Directors with extensive experience in business administration, education, training, information technology and listed companies gives the Company the ability to benefit from the diverse expertise in the education sector, administrative, operational and governance fields.

• A wide range of service

The Company conducts its main activities through three segments:

- The Training Segment: involves Computer Training, Language Teaching, Administrative Training, Financial Training, Vocational Training, and Maritime Training.
- The Education Segment: includes Kindergartens, Schools and University Projects.
- The Call Center Segment: entails consultations and quality standards for call centers performance, call center operation and management services (internally 'in-house' and externally 'outsourced'), training services and rehabilitation of human cadres and representation for supervision services, follow-up and evaluation of the performance of the human workforce and call centers.

• Ability to build brands and acquire them

The Company has proven its ability to build strong reputable brands as well as the ability to integrate various brands through the conclusion of franchise contracts with international corporations.

The Company has built the name and brand of Rowad Al Khaleej International Schools. In addition, the Company concluded Franchise contracts with a number of international companies, including the American Company 'New Horizons', the British Company 'Direct English', and the French Company 'Formula A', and it succeeded in integrating them under its umbrella.

• A prestigious name in the training sector

Over the past years, the Company has gained a recognized and prominent name in the training sector since its establishment in 1993G. The Company started training information technology and other services were added to meet the needs of the local market and provide the latest solutions and services.

• A distinguished educational style

The Company provides a "unique" style of education that concentrates on developing students' personality, building their leadership skills, developing their creative thinking, in addition to creating a passion for learning and active participation in society; and that is through modern teaching methods, including classes with the best technologies, educational tools and aids that cope with modern developments, such as e-learning, and interactive smart boards which increase the students' impulse to learn in an interactive and open manner around the world surrounding us.

• A leading Company in the call center services in the Kingdom

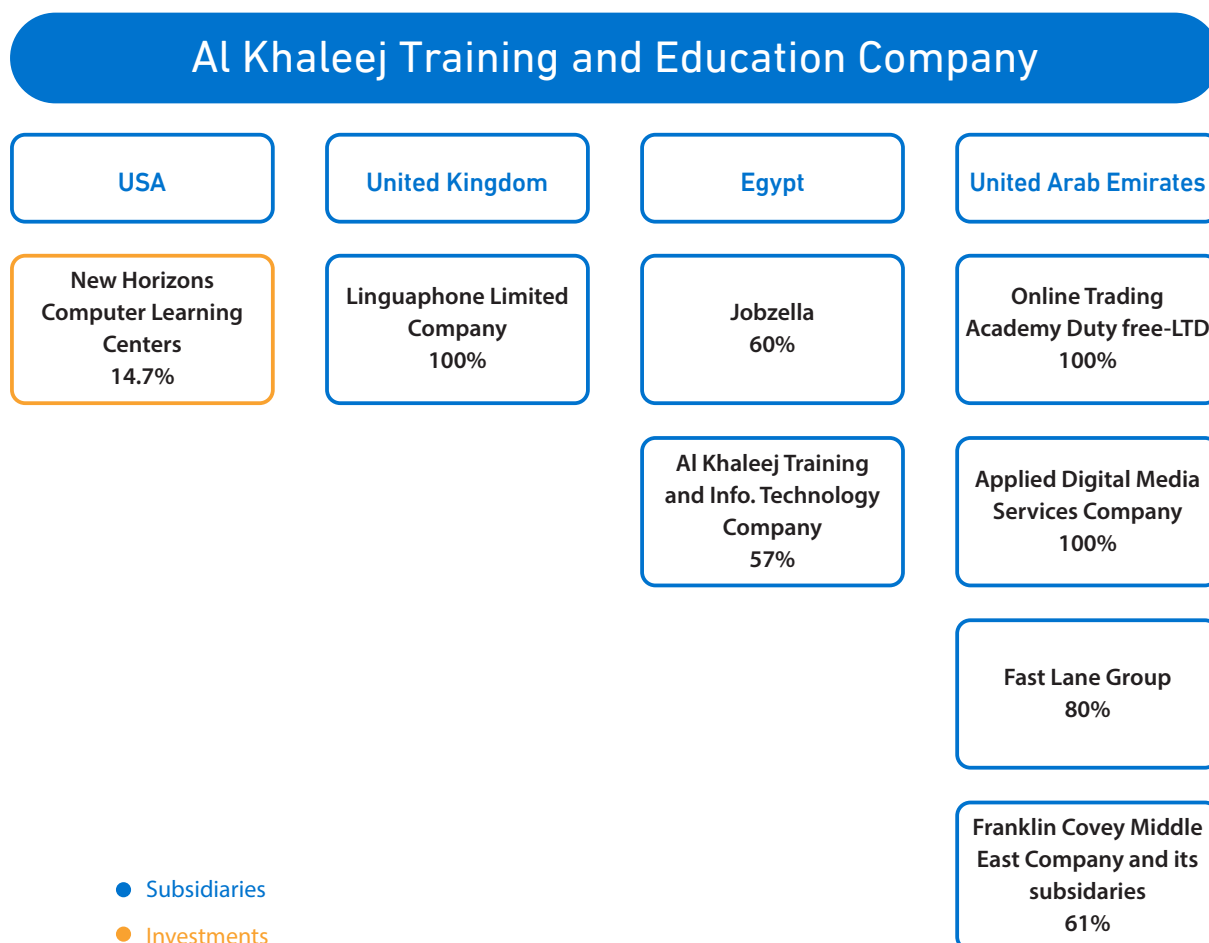
The Company is the largest and most advanced Company in the call center services sector in the Kingdom, covering all areas of customer services, technical support and marketing in accordance with the latest international concepts and standards. The Company is also the most advanced and distinguished in the field of providing outsourcing services and attracting technical and operational competencies in various specializations in addition to solutions for establishing and operating call centers in all areas of governmental services and transactions, customer services, technical support, marketing and sales in compliance with the latest international standards.

3-9 Group Structure

The Group's organizational structure consists of several departments covering its educational institutes and centers in various regions of the Kingdom, in addition to owning controlling stakes in a number of subsidiaries in the United Arab Emirates, the Republic of Egypt and the United Kingdom, and a number of other investments as well.

The following figure shows the Group's Structure as at the date of this Prospectus:

Figure 1: Group Structure



3-9-1 Activities of Al Khaleej Training and Education Company

According to Article (3) of the Company's Bylaws, the Company's specific licensed purposes are

- 1- Training in the field of electronics, information technology, and all kinds of training.
- 2- English language teaching and other educational programs.
- 3- Holding training courses in the field of public administration, marketing, management, accounting, social and other courses.
- 4- Maintenance and operation
- 5- Establishing and managing national and foreign schools for all educational levels.
- 6- Development, manufacture, operation and maintenance of electronics, installation of networks, infrastructure, computer software, technical support and all other related works.
- 7- Establishing and managing call centers, technical support, e-business, third-party marketing and telemarketing.
- 8- Providing development and operational solutions for customer services and technical support in handling complaints.

- 9- Owning lands in favor of the Company to establish projects related to the Company's business (schools, educational centers, institutes and sport clubs).
- 10- Obtaining commercial agencies, operating and managing public facilities and local employment offices.
- 11- Establishing and managing coffee shops, cafeterias, and importing coffee and coffee products.
- 12- Establishing and managing sport institutes, centers and clubs.
- 13- Operating school transportation
- 14- Establishing and managing women's centers and beauty salons.
- 15- Employment of workforce.
- 16- Operating health facilities
- 17- Establishing and managing franchise centers partnerships.
- 18- Consulting services in business administration, planning and management information.
- 19- Public relations, social media management, and e-marketing services.

According to Article 4 of the Company's Bylaws, the Company may solely establish limited liability or closed joint stock companies as long as the paid-up capital is not less than five million (5,000,000) Saudi Riyals. It may also participate in any possible way with other bodies and companies that carry-out similar activities or that may help them achieve their objectives. It may also own shares and stakes in other existing companies, merge with them, buy them or trade in them either inside or outside the Kingdom, as well as having the right to participate with others in establishing joint stock or limited liability companies upon complying with the requirements set forth by the prevailing rules and regulations. The Company may also dispose of these shares or stakes provided that this does not include brokerage in their trading.

The Company practices its main activities through several segments: the Training Segment, the Education Segment, and the Call Center Segment. The Company confirms that there is no intention or direction to make any fundamental changes to the nature of its existing business.

The First Activity: Training Segment

One of the most significant services provided by Al Khaleej Training and Education Company is the training service in all fields (Computer, Language, Financial and Management training...) throughout its 68 centers located in the Kingdom of Saudi Arabia. The Company serves more than 2,500 corporate clients and more than 52,000 individual clients on annually basis. The Company also has more than 30 partners from major companies, institutions, agencies and houses of expertise in the field of training and education, and holds 4 international franchises of international companies in the training and education field, as follows:

- New Horizons
- Direct English
- Formula A
- Greenberry's

It is worth mentioning that the Company also conducts training activities outside the Kingdom through its subsidiaries in the United Arab Emirates, the Republic of Egypt and the United Kingdom (please refer to Subsection 3-9-2 "**Subsidiaries**" of this Section).

The Training Segment represented 34.1%, 32.2% and 24.2% of the Group's Total Revenues in 2018G, 2019G and 2020G, respectively.

It is worth mentioning that due to the Covid-19 pandemic, hence, the government decision to close all educational and training facilities, and according to the circular issued by the Technical and Vocational Training Corporation, the Company's activities in the Training Segment were completely suspended from 11/03/2020G to 16/08/2020G. Meanwhile, the work teams were being prepared to completely transfer to remote training system. Consequently, the Group's Total Revenue from the Training Segment decreased in 2020G by 31.5% compared to 2019G.

Computer Training

In 1992G, Al Khaleej Institute for Applied Sciences was established in Riyadh to provide training courses in the field of computers. In 1993G, the franchise of New Horizons Computer Training Centers in the Kingdom (and the Middle East) was acquired. Since then it has become one of the largest training centers in the Kingdom. As on December 31, 2020G, the Company has 21 computer training centers in the Kingdom under the name of "New Horizons Centers" where there are full-time trainers and engineers, most of whom are qualified and approved by major software exporting companies such as Microsoft, Oracle, Cisco, and others. New Horizons Centers provide all computer courses for small, medium and large companies through innovative training solutions that enable corporate training managers to manage training programs for their employees easily and smoothly.

It is to be noted that the Company owns 14.7% of New Horizons Corporation in the United States (please refer to Subsection 3-9-3 "**Investments**" of this Section).

The Company also conducts computer training activities in both the UAE through its subsidiary Company "Fast Lane Group" and in Egypt through its subsidiary "Al Khaleej Training and Information Technology Company" (please refer to Subsection 3-9-2 "**Subsidiaries**" of this Section).

Language Training

In response to the local market's need for Saudi workforce, whether females or males who are capable of speaking English in order to serve various economic sectors, the Company obtained in late 1998G the Franchise of Direct English Language Centers in the Kingdom (and the Middle East). Direct English Centers work under the supervision of the Ministry of Education, and it has a team of qualified and experienced teachers who are specialized in teaching English, and who have been carefully selected according to a specific methodology that meets and pleases the aspirations and needs of the clients.

There is an eminent customer service team working with the academic team hand in hand backed by sophisticated equipment at the highest level. As of 31/12/2020G, the number of Direct English Centers reached 21 centers distributed across the Kingdom.

It is worth noting that the Company owns 100% of Linguaphone Limited Company in the United Kingdom (please refer to Subsection 3-9-2 "**Subsidiaries**" of this Section) the parent Company of Direct English Centers.

The Company also conducts language training activity in Egypt throughout its subsidiary "Al Khaleej Training and Information Technology Company" (please refer to Subsection 3-9-2 "**Subsidiaries**" of this Section).

Financial and Management Training

In 2010G, the Company established financial and management training centers with the highest technologies under the name of "New Dimension". New Dimension management training centers were launched and presented their expertise in specialized administrative training within a clear message aimed at working to transfer the latest international management expertise to the local and Arab market with its local vision. New Dimension management training solutions offer specialized and diversified management training programs and workshops in the areas of developing administrative, technical skills and capabilities, as well as offering professional administrative and financial professional certificates.

As of 31/12/2020G, the number of New Dimension centers reached 21 centers distributed across the Kingdom.

The Company also conducts financial and management training activities in the UAE throughout its subsidiary "Online Trading Academy", "Applied Digital Media Services Company" and "Franklin Covey Middle East" (please refer to Subsection 3-9-2 "**Subsidiaries**" of this Section).

Other training segments

Other Training Segments include:

- **Professional training for women in the field of hair beauty and cosmetic**

In 2009G, the Company obtained the franchise of the French Company Formula A academy in the kingdom (and the Middle East). Formula A academy is specialized in providing professional training programs for women in the field of hair beauty and make-up art according to the specialized French Formula A academies system around the world. As of 31/12/2020G the Company has 5 Formula A centers distributed across the Kingdom.

- **Maritime training**

The Company offers marine training in the form of sea courses and marine mechanics, putting into consideration the marine safety courses and training, which are closely and completely linked to marine training. There are four courses that any trainee must pass before boarding the ship: First Aid Course, Sea Survival Course, Firefighting and Handling Course, and Identification and Handling of Responsibilities Course. In addition, the Underwater Plane Egress Exercises is a course needed by everyone who uses aviation for oil purposes, where they learn how to deal with accidents as well as dealing with plane crashes. This course is inevitable for everyone who uses aviation.

- **Women's sports salons and centers**

The Company operates Fitness Centers and Women's Salons throughout a sole proprietorship in the name of Mrs. Tracy Lynn Ray Carsen (please refer to Subsection 9-2-2-2 "**Training Segment**" of Section 9 "**Legal Information**"). As of 31/12/2020G, the Company has 5 sports centers distributed across the kingdom. This activity is accounted under the Training Segment.

- **Greenberry's**

In 2013G, the Company acquired the American Greenberry's franchise in the Kingdom, which is specialized in providing coffee, tea and many types of baked goods. As of 31/12/2020G, the Company has one Greenberry's center in the Kingdom. this activity is accounted under the Training Sector.

Second Activity: Education Segment

The Education Segment is divided into two sub-segments: Schools and Kindergartens from one side and University projects from the other.

The Education Segment represented 24.1%, 25.6% and 28.0% of the Group's Total Revenues in 2018G, 2019G and 2020G, respectively.

Schools and Kindergartens

Rowad Al Khaleej International Schools is a member of Al Khaleej Training and Education Company and it is accredited by the American Advance ED Foundation. Rowad Al Khaleej International Schools offer a promising educational opportunity for the Saudi and international male and female students in the Kingdom, and rely on international English native teachers. There are 6 branches of schools and kindergartens in Riyadh, Jeddah and Dammam. The schools consist of two segregated Sections for boys and girls. The schools also include modern educational buildings that create a stimulating environment and a conducive atmosphere for learning.

Rowad Al Khaleej Schools and Kindergartens:

- Rowad Al Khaleej International Schools (Dammam) was opened in 2010G with a branch for girls and another one for boys, with a capacity of about 2,100 students.
- Rowad Al Khaleej National Schools (Dammam) (Al Ishraq Schools formerly), was leased in 2016G and has a branch for girls with a capacity of about 700 students.
- Rowad Al Khaleej International Schools (Riyadh) was opened in 2015G and has a branch for girls and another one for boys, in addition to a "Special Education Branch" with a total capacity of about 2,800 students.
- Rowad Al Khaleej International Schools (Jeddah) was opened in 2018G with a branch for girls and another one for boys, with a capacity of about 2,500 students.
- Baraem Rowad Al Khaleej International Schools (Riyadh) was opened in 2014G with a capacity of 250 students.
- Baraem Rowad Al Khaleej International Schools (Dhahran) was opened in 2015G with a capacity of 450 students.

It is worth noting that in December 2019G, the Company sold Rowad Al Khaleej International Schools (Dammam), Rowad Al Khaleej International Schools (Riyadh) and Baraem Rowad Al Khaleej International Schools (Riyadh) to Al Rajhi REIT Fund and leased them back for 15 years.

It is also worth noting that on 29/08/2021G, the Company signed a sale and purchase agreement to acquire 60% of the shares of Al Roqi National Schools Company. It was also agreed to expand the school by building a complex for girls and another one for boys. The Company also intends to acquire schools to meet its expansion goals (please refer to Section 6 "**Use of Offering Proceeds**").

University Projects

The Company has an integrated professional cadre to manage the university projects. This cadre has the highest scientific and practical qualifications, and they can meet the requirements and needs of urgent projects in a professional and elaborate manner.

The Company has provided employment services and it has enrolled more than 1,470 English Language Teachers (Natives) for preparatory years' programs in Saudi universities, in addition to providing recruitment services and providing more than 1,820 teachers with multiple specializations (English, computer, natural sciences, physics, communication skills, and mathematics) who hold masters' and PHD degrees for preparatory year programs in Saudi universities to cover all the required skills in these programs.

Third Activity: Call Center Segment

In 2006G, the Company established a Call Center called Smart Link. Smart Link specializes in providing solution services to the integrated call centers including in-house services and out-source services, in addition to solutions for establishing, supplying, installing, operating, managing, monitoring and controlling the performance of call centers for technical support, modern customer services and support according to the latest international standards and modern technologies. Smart Link services also include providing manpower and human resources in various specializations (information technology, sales and marketing, various departments, customer services and call centers).

As of 31/12/2020G, Smart Link offices are located in the three main cities of the Kingdom (Riyadh, Jeddah, and Damman) in addition to an additional regional office in Egypt.

The Call Center Segment represented 41.8%, 42.2% and 47.8% of the Group's Total Revenues in 2018G, 2019G and 2020G, respectively.

3-9-2 Subsidiaries

The following table shows the subsidiaries of Al Khaleej Training and Education Company:

Table 10: Subsidiaries

	Subsidiary	Capital	Ownership	Main Activity	Country of Incorporation
		As of 31 December, 2020G			
1	Online Trading Academy Duty Free-LTD	1,000,000 AED	100%	Financial training	United Arab Emirates
2	Applied Digital Media Services Company	2,500,000 AED	100%	Management training	United Arab Emirates
3	Fast Lane Group	100,000 AED	80%	Computer training	United Arab Emirates
4	Franklin Covey Middle East Company and its subsidiaries	2,500,000 AED	61%	Management training	United Arab Emirates
5	Jobzella	250,000 EGP	60%	Consulting and recruitment	Egypt
6	Al Khaleej Training and Information Technology Company	6,000,000 EGP	57%	Language training, human resources and computer	Egypt
7	Linguaphone Limited Company	1,606,639 Sterling	100%	Language training	United Kingdom

For more information on the Subsidiaries, please refer to Subsection 9-4 "Subsidiaries" of Section 9 "Legal Information".

3-9-3 Investments

The Company owns a 14.7% stake in New Horizons Company in the United States which is a Company specialized in computer training, with a capital of 31.4 million US Dollars as of 31/12/2020G.

3-10 Interruption of Business

Other than what was mentioned in Subsection 3-9-1 "Activities of Al Khaleej Training and Education Company" of this Section, about the interruption of business of the Training Segment from 11/03/2020G to 16/08/2020G due to the Covid-19 pandemic, there was no interruption in the Company's business that could have had or would have had a material impact on the financial position during the last twelve (12) months.

4- Employees

4-1 Employees' share schemes in place prior to filling the application for registration and offer of securities under this Prospectus

As of the date of this Prospectus, the Company does not have any share allocation scheme for its employees.

4-2 Arrangements involving the employees in the Company's capital

As of the date of this Prospectus, there are no arrangements for participation of the employees in the Company's capital.

5- Financial Information and Management Discussion and Analysis

5-1 Introduction

The Financial Information and Management Discussion and Analysis Section includes an analytical review of the Company's performance and financial position during the financial years ending on 31 December, 2018G, 2019G and 2020G. They are based and should be read in conjunction with the Company's audited financial statements for the financial years ending on 31 December, 2018G, 2019G and 2020G, and the notes attached to them (hereinafter referred to as the "**Financial Statements**").

The financial statements for the financial years ending on 31 December, 2018G, 2019G and 2020G and the accompanying notes have been prepared in accordance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

The financial statements for the period ending on 31 December, 2018G and 2019G were reviewed and audited by Aldar Audit Bureau, Abdullah Al Basri & Company, and the financial statements for the period ending on 31 December, 2020G were reviewed and audited by Al Azem, Al Sudairy, Al Shaikh and Partners. The Company issues its financial statements in Saudi Riyals.

The financial information presented in this Section is extracted without material changes from the audited financial statements for the financial years ending on 31 December, 2018G, 2019G and 2020G and the accompanying notes. The figures for the Balance Sheet ended on 31 December, 2018G, 2019G and 2020G, were used, as they are classified in the financial statements ended on 31 December, 2020G. The Net Income and Cash Flows statements have been used for the financial years ending on 31 December, 2019G and 2020G as they are classified in the financial statements ending on 31 December, 2020G, and the Net Income and Cash Flows statements for the financial year ending on 31 December, 2018G have been used as they are classified in the financial statements ended on 31 December, 2019G.

5-2 Directors' declaration for financial information

The Directors declare, to the best of their knowledge and belief, that:

- All material facts related to the Company, its subsidiaries and its financial performance have been disclosed in this Prospectus, and that there are no other information, documents or facts if they are omitted, the data contained in this Prospectus will become misleading
- The financial information presented in this Prospectus is extracted without material change from the audited Financial Statements for the financial years ending on 31 December, 2019G and 2020G. In addition, these statements have been prepared on a consolidated basis in accordance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).
- Except as disclosed in Subsection 9-6 "**Loans and Credit Facilities**" of Section 9 "**Legal Information**" and Subsection 5-8-3 "**Liabilities**" of this Section, the Company does not have any debt instruments, or any loans, whether secured by a personal guarantee, mortgage or unsecured, including bank account overdrafts, commitments under acceptance, acceptance credit and lease purchase commitments.
- There is no right of option on the capital of the Company or its Subsidiaries as of the date of this Prospectus.
- The Company has sufficient financial resources to meet the working capital requirements for a period of 12-month immediately following the date of this Prospectus.
- Except as disclosed in this Section and Section 2 "**Risk Factors**", there are no seasonal factors or economic cycles related to the Company's activity that may have an impact on the business and financial condition of the Company or its Subsidiaries.
- There is no information about any governmental, economic, fiscal, monetary or political policies or any other factors that have affected or could materially affect, directly or indirectly, the operations of the Company or its Subsidiaries, except as disclosed in Section 2 "**Risk Factors**".

- Except as disclosed in Subsection 5-8 “**Balance Sheet**” of this Section, there are no mortgages, rights or charges on the Company’s property as of the date of this Prospectus.
- Except as disclosed in Subsection 5-7 “**Income Statement**” of this Section, there has been no material adverse change in the financial or commercial position of the Company or its Subsidiaries during the three financial years immediately preceding the date of submitting the application for registration and offer of securities subject to this Prospectus and during the period from the end of the period covered in the external auditors’ report up to and including the date of approval of the Prospectus.
- No commissions, discounts, brokerage fees or other non-cash compensation were granted by the Company and its Subsidiaries to any of the Directors, senior executives, persons offering or placing the securities or experts who received any such payment or benefit during the three financial years ending 31 December, 2018G, 2019G and 2020G that are subject to this Prospectus in connection with the Rights Issue.
- The Company and its Subsidiaries do not have any contractually based securities or other assets whose value is subject to fluctuations or whose value is difficult to verify, and which may significantly affect the assessment of the Company’s financial position.

5-3 Key Performance Indicators

The following table shows the Company’s key performance indicators for the financial years ending on December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 11: Key Performance Indicators

	Financial Year Ended 31 December		
	2018G	2019G	2020G
Revenue Growth Rate	13.0%	7.7%	-8.9%
Net Profit Growth Rate	-36.7%	86.8%	-82.8%
Gross Profit Margin	19.7%	15.9%	13.2%
Operating Profit Margin	7.2%	2.4%	0.6%
Net Profit Margin	4.3%	7.4%	1.4%
Current Assets / Current Liabilities	0.9	1.2	1.3
Liquidity Rate	0.8	1.2	1.2
Non-Current Assets / Non-Current Liabilities	3.1	2.0	1.9
Total Assets / Total Liabilities	1.7	1.6	1.7
Liabilities / Equity	1.5	1.7	1.5
Return on Assets	2.5%	3.9%	0.7%
Return on Equity	6.4%	10.5%	1.8%

Source: The Company

5-4 Basis of Preparation

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants. They have been prepared under the assumption that the Group operates on a going concern basis.

Basis of consolidation

The consolidated financial statements comprise of the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows and explanatory notes of the Group. Which include assets, liabilities and the result of operations of the Company and its Subsidiaries.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases.

Intro-group balances and transactions, and any unrealized profit and loss arising from intragroup transactions, are eliminated. Accounting policies of subsidiaries are aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiaries have the same reporting dates.

Use of judgments, estimates and significant accounting assumptions

In preparing these consolidated financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognized in the financial statements

Business combination

The Group accounts for the business combination using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identified net assets acquired. The excess of the cost of acquisition and fair value of Non-Controlling Interest over the fair value of the identifiable net assets acquired is recorded as goodwill in consolidated statement of financial position. Non-Controlling Interest are measured at their proportionate share of the acquires identifiable net assets at the date of acquisition. The portion of profit or loss and net assets not controlled by the Group are presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position.

Functional and presentation currency

The consolidated financial statements are presented in Saudi Riyals which is the functional and presentation currency of the parent company.

5-5 New Standards, amendments to standards and interpretation

There are no new standards that have been issued, however, a number of amendments to the standards are effective as of January 1, 2020G and are shown below, but they do not have a material impact on the Company's financial statements.

The following is a statement of the new standards and amendments to the applicable standards applicable for the years beginning on or after January 1, 2020G:

Amendments to the IFRS (3) - Definition of Business Activity

This amendment revises the definition of a business. According to feedback received by the International Accounting Standards Board, the application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combination.

Amendments to IAS (1) and IAS (8) on the definition of material

These amendments to IAS (1) "Presentation of Financial Statements", and IAS (8), "Accounting Policies, Changes in accounting estimates and errors" and consequential amendments to other IFRS's:

- 1- Use of consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- 2- Clarify the explanation of the definition of essential;
- 3- Incorporate some of the guidance in IAS 1 about immaterial information

Amendments to IFRS (9), IAS (39), and IFRS (7) Interest rate benchmark reform

These adjustments provide certain reliefs in connection with the interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally, cause hedge accounting to termination. However, any hedge ineffectiveness should continue to be recorded in the statement of Profit and Loss.

Amendments to IFRS (16) “Leases” in response to the impacts of COVID-19 on tenants

Effective June 1, 2020G, IFRS 16 has been amended to provide a practical way for tenants to calculate rental concessions that arise as a direct result of the COVID-19 pandemic and only if all of the following conditions are met:

- 1- That the change in lease payments results in a modified lease compensation that is substantially the same as, or less than, the lease compensation immediately before the change;
- 2- That any reduction in rental payments affects only payments due, beginning, on or before June 30, 2021G; and
- 3- There should not be any material change in the other terms and conditions of the lease agreement.

Rental concessions that meet these criteria may be counted according to practical terms, which means that the tenant does not need to assess whether the rental lien meets the definition of a rental adjustment. Lessees apply other requirements in IFRS (16) in the concession account.

Standard issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2021G and earlier application is permitted; however, the Group has not early adopted them in preparing these financial statements.

- **Amendments to IAS (1), “Presentation of Financial Statements” on the classification of liabilities**

These narrow-scope amendments to IAS (1), “Presentation of Financial Statements”, clarify that liabilities are classified as current or non-current, depending on the rights existing at the end of the reporting period. Classification is unaffected by the expectation of the entity or events after the reporting date (for example, receipt of a waiver or breach of covenant). The amendment also clarifies what IAS (1) means when it refers to the “settlement” of a liability.

- **Amendments to IFRS (3), IAS (16) and IAS (37)**

- IFRS (3) “Business Combinations” updates a reference in IFRS (3) to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16, “Property, plant and equipment” prohibits a Company from deducting from the cost of property, plant and equipment amounts received from selling items produced while a Company prepares the asset for its intended use. Instead, the Company will recognize such sales revenue and related costs in profit or loss.
- IAS 37 defines “Provisions, Contingent Liabilities and Contingent Assets” specify which costs that a Company includes when assessing whether the contract will be loss-making.

- **Annual Improvements to IFRSs (2018G - 2020G cycle)**

These amendments are effective on or after January 1, 2021G.

- IFRS (9), “Financial Instruments”- Clarify the fees a Company includes in performing the ‘10 percent test’ in order to assess whether to derecognize a financial liability.
- IFRS (16), “Leases”- Remove the potential for confusion regarding lease incentives by amending Illustration Example 13 accompanying IFRS (16).

5-6 Significant Accounting Policies

The accounting policies used in the preparation of the consolidated financial statements for the year ended 31 December 2020G are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2019G.

Segment Information

The Segmental information is attributable to the Group's business and activities as approved by the Group's management to be used as a basis for the financial reporting and consistent with the internal reporting process.

The Segment results and assets include items directly attributable to certain segment and items that can reasonably be allocated between business segments

The Group is organized into following main business segments:

1- Computer

Serves individual and corporate segments. Individual segment incorporates training courses with period from three months to two-year diplomas, while the corporate segment includes all advanced programming and networking, and computer solutions. The Group follows the global methodology of New Horizon Company, which the Group owns franchise rights in the Middle East region.

2- Language

Provides training courses in English language, consisting of 6 levels. The courses are held over a period of 2 to 14 months. The Group follows the global methodology of Direct English Company, of which the Group owns the franchise in the Middle East region.

3- Educational projects

This segment represents the educational projects related to universities and the Ministry of Education, including operating the orientation years for several Saudi universities. These projects are focused on providing the academic staff for the orientation years according to scientific basis and standards set by the universities and managing these human resources for the universities.

4- Financial and management training

This segment aims to provide trainees with information and various skills and up-to-date methods in relation to their jobs, and to improve and develop their abilities and skills. This includes development courses in management, leadership, stock trading and others, improving their efficiency and productivity through international certifications

5- Communication centers

This segment provides management and operating services of customer services centers via telephone for a number of companies and bodies.

6- Schools

This segment is engaged in incorporating private educational schools for boys and girls inside the Kingdom of Saudi Arabia.

Revenues

Revenues arise mainly from the provision of training courses, school fees, communication service centers and education projects related to universities.

Control of the services provided is transferred to the customer over time, the Group meets the performance obligation and revenue is recognized over a period of time as the customer receives and consumes the benefits of the Group's performance obligation at the same time that the Group provides the service and confirmed from the customer.

To determine whether to recognize revenue, the Group follows a 5 steps process:

- 1- Identifying the contract with a customer
- 2- Identifying the performance obligations
- 3- Determining the transaction price
- 4- Allocating the transaction price to the performance obligation
- 5- Recognizing revenue as performance obligations are satisfied

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expenses in the period in which they are incurred and reported in finance cost.

Intangible Assets (excluding goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development cost, are not capitalized and expenditure is reflected in the consolidated statement of profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting date.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit and loss when the asset is derecognized.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of profit and loss in the expense category consistent with the function of the intangible asset.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and are recognized separately. Goodwill is carried at cost less impairment losses.

Property and equipment

- **Land**

Lands held for use in production or used for administrative purposes are stated at cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

- **Building, furniture and other equipment**

All other assets are recognized initially at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. These assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses if any.

Depreciation is recognized on a straight-line basis to write down the cost less estimated residual value of the buildings, furniture and other equipment. The following useful lives are applied:

- Buildings 15-50 years
- Furniture, office equipment and tools 4-9 years
- Leasehold improvement 15 or less the lease term
- Vehicles 7 years

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in the consolidated statement of profit or loss within other income or other expenses.

Inventories

Inventory comprise mainly of books and educational curriculums distributed during training courses. Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

Cash and cash equivalent

Cash and cash equivalents include cash on hand and demand deposits, together with other short-term, highly liquid investments maturing with 90 days from the date of acquisition that are readily convertible to cash, and which are subject to an insignificant risk of change in value.

Financial instruments

• Recognition and derecognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights of the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

• Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS (15), all financial assets are initially measure at fair value adjusted for transaction costs (where applicable)

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortized cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

• The classification is determined by both:

- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of other financial assets which is presented within other expenses.

• Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated at FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect their contractual cash flows.
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held to maturity under IAS (39).

- **Financial assets at fair value through FVTPL**

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorized at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

In the current financial year, the fair value was determined in line with the requirements of IFRS (9), which does not allow for measurement at cost. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

- **Financial assets at FVOCI**

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- They are held under a business model whose objective is 'hold to collect' the associated cash flows and sell
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognized in other comprehensive income will be recycled upon derecognition of the asset.

- **Impairment of financial assets**

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses-the 'expected credit loss model'. This replaces IAS (39)'s 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract assets recognized and measured under IFRS (15) and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (stage 1) and,
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (stage 2).

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12 months expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Measurement of the expected credit losses is determined by a profitability-weighted estimate of credit losses over the expected life of the financial instrument.

- **Trade and other receivables**

The Group uses the simplified approach in accounting for trade and other receivables and recording the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

- **Classification and measurement of financial liabilities**

The Group's financial liabilities include overdraft, borrowings, trade and other payables and lease obligations

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designed at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in the fair value of the instrument that are reported in profit or loss are included in finance costs or finance income.

Equity, reserve and dividend payments

- **Share capital**

The share capital represents the nominal value of the shares that have been issued. The company's capital consists of 45 million shares as on December 31, 2020G (December 31, 2019G: 45 million shares) with a nominal value of 10 Saudi Riyals per share.

- **Statutory reserve**

In accordance with Saudi Arabian Regulations for Companies, the Company must set aside 10% of the net profit for the year to the statutory reserve until this reserve reaches 30% of the capital.

- **Foreign currency translation reserve**

The foreign currency translation reserve is used to convert the results of the parent company's foreign subsidiaries into their reporting currency, which is an essential part of the consolidation process.

- **Retained earnings**

Retained earnings include all retained earnings for the current year and prior retained profits.

- **Dividend payments**

Cash or non-cash distributions to the shareholders of the parent Company are recognized as liabilities when the distribution is approved. According to the regulations for companies in the Kingdom of Saudi Arabia, dividends are approved upon approval of shareholders. The dividend amount is directly deducted from equity and recognized as a liability.

Non-cash dividends, if any, are measured at the fair value of the assets to be allocated and the fair value re-measurement is recognized directly in equity. When a non-cash asset is distributed, any difference between the carrying amount of the liabilities and the carrying amount of the assets is recognized in the consolidated statement of profit or loss.

Employees end of service benefits

The Group operates a single post-employment benefit schemes of defined benefit plan driven by the labor laws and workman laws of the Kingdom of Saudi Arabia which is based on most recent salary and number of service years.

The post-employment benefits plans are not funded. Accordingly, valuations of the obligations under the plan are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognized immediately in profit or loss while unwinding of the liability at discount rates used are recorded in profit or loss. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income and transferred to retained earnings in the consolidated statement of changes in equity in the period in which they occur.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the labor law of Saudi Arabia.

Provisions, contingent assets and contingent liabilities

Provisions for warranties, legal disputes, contracts and other claims are recognized when the Group has a present or constructive legal obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and the amounts can be estimated reliably. The timing or amount of the outflow may be uncertain.

Provisions are measured at the estimated expenditures required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Zakat and income tax

Zakat and income tax provision is calculated in accordance with the regulations of the General Authority for Zakat and Income Tax in the Kingdom of Saudi Arabia. Any differences in the estimate are recorded in the consolidated statement of profit or loss when the final assessment is approved, at which time the provision is cleared. Overseas subsidiaries provide for income tax liabilities, if any, in accordance with the regulations of the countries in which they operate. Zakat and income tax provision is charged to the consolidated statement of profit or loss.

Foreign currency transactions and balances

Foreign currency transactions are converted into Saudi Riyals at the exchange rates prevailing on the date of those transactions (the spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions, and from the re-measurement of monetary items denominated in foreign currencies at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not translated at year-end and are measured at historical cost (translated at the exchange rates at the transaction date), except for non-monetary items measured at fair value that are translated at the exchange rates at the date when fair value was determined.

Right of use assets and lease obligation

The Company has recognized new assets and liabilities for its operating leases of land. Each lease payment is allocated between the liability and the cost of finance. The finance cost is charged to the statement of profit or loss over the lease term so that a constant periodic rate of interest is earned on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis

Assets and liabilities arising from a lease are initially measured on a present value basis.

- 1- Right-of-use assets are measured at cost comprising the following:
 - the amount of the initial measurement of lease liability
 - any lease payment made at or before the commencement date less any lease incentives received
 - any initial direct costs and
 - restoration costs.

2- Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in Condensed statement of Profit or Loss. Short term leases are leases with a lease term of 12 months or less.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term management considers all facts and circumstance that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension option are only included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, the management generally considers certain factors including historical lease duration and the costs and business disruption required to replace the leased asset.

Significant management judgment in applying accounting policies and estimation uncertainty

When preparing the consolidated financial statements, management make a number of judgments, estimates and assumptions about the recognition and measurement of asset, liabilities, income and expenses.

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expense is provided below. Actual results may be substantially different:

- **Provision for employees end of service benefits**

Management's estimate of end of service benefits is based on a number of critical underlying assumptions such as anticipation of future salary increases, and discount rate used to convert future values. Variation in these assumptions may significantly impact the provision for end of service benefits and the expense.

- **Provision**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

- **Useful lives of depreciable assets**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change utility of assets.

- **Impairment of financial assets**

A provision for impairment in financial assets is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the agreement. Significant financial difficulties of the debtor probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators of objective evidence that the trade receivable is impaired. For significant individual amounts, assessment is made on an individual basis. Amounts which are not individually significant, but are overdue, are assessed collectively and a provision is recognized considering the length of time considering past recovery rates.

- **Impairment of non-financial assets and goodwill**

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses the interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

- **Inventories provision**

The management makes a provision for slow moving and obsolete inventory item. Estimate of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made and provide a provision for slow moving and obsolete inventory.

- **Business combination**

Management uses valuation technique when determining the fair value of certain asset and liability acquired in a business combination. In particular, the fair value of contingent consideration is dependent on the outcome of many variables including the acquirees' future profitability.

- **Fair value measurements**

Management use valuation techniques to determine the fair value of financial instrument (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management base its assumption on observable data as far as possible, but this is not always available. In that case management used the best information available. Estimated fair values may vary from the actual price that would be achieved in an arm' length transaction at the reporting date

- **Classification of investments**

On acquisition of an investment, management has to decide whether it should be classified as "at fair value through profit or loss", "available for sale" or as "loans and receivables' in making that judgment, the Group consider the primary purpose for which it is acquired and how it intends to manage and report its performance. Such judgment determines whether it is subsequently measured at cost or at fair value and if the change in fair value of instrument are reported in the statement of profit or loss or directly in equity.

- **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amount and there is an intention to settle on a net basis, to release the assets and settle the liabilities simultaneously.

Qualified opinion of the chartered accountant for the financial year ending on December 31, 2020G

The chartered accountant was not provided with the fair value of investments amounting to 15.6 million Saudi Riyals, which were recorded as investments in equity instruments at fair value through other comprehensive income as of December 31, 2020G, and accordingly the chartered accountant was unable to determine whether it was necessary to make any adjustments related to the components of investments in equity instruments through other comprehensive income in the statement of financial position and items that make up the comprehensive income statements and the change in consolidated shareholders' equity.

Other Matter:

The Group's consolidated financial statements for the year ended December 31, 2019G were reviewed by another auditor who issued an unmodified opinion report on those consolidated financial statements on March 25, 2020G.

Subsequent period for the fiscal year ending on December 31, 2020G:

The external auditor has been provided with the requirements related to the above reservation for investments in equity instruments designated at fair value through other comprehensive income as of December 31, 2020G.

Financial statements for the period ending on March 31, 2021G (condensed consolidated financial statements):

There are no qualification or reservations in the condensed consolidated financial statements approved on 11 Shawwal 1442H (corresponding to May 23, 2021G).

Correction of errors in the financial statements for the year ended December 31, 2020G

During the year 2020G, the management discovered the existence of accounting errors related to previous years, which are as follows:

- The existence of fundamental differences that resulted from incorrectly recording the rights to use assets and lease obligations when applying accounting standard IFRS 16 "Leases" for the first time with a retroactive effect, which resulted in an adjustment to the rights of use of assets, lease obligations and profit resulting from the sale and leaseback of some assets during the year 2019G and retained earnings.
- Within the prepaid expenses, there are amounts in the opening balances that do not pertain to the year 2020G, but rather pertain to previous years that have not been charged to the comprehensive income statements for these years, which resulted in an adjustment in the opening balances of the prepaid expenses and the balance of retained earnings.

5-7 Income Statement

The following table shows the Income Statement for the financial years ending on December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 12: Income Statement

SAR '000	Financial Year Ended 31 December				Change	CAGR
	2018G (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G- 2019G		
Revenues	802,517	864,191	787,329	7.7%	-8.9%	-1.0%
Cost of Revenues	(644,717)	(727,016)	(683,728)	12.8%	-6.0%	3.0%
Gross Profit	157,800	137,175	103,600	-13.1%	-24.5%	-19.0%
Selling and Marketing Expenses	(41,640)	(44,740)	(44,004)	7.4%	-1.6%	2.8%
General and Administrative Expenses	(50,100)	(50,660)	(50,885)	1.1%	0.4%	0.8%
Impairment of Other Financial Assets	(8,506)	(21,240)	(4,248)	149.7%	-80.0%	-29.3%
Profit From Main Operations	57,554	20,535	4,464	-64.3%	-78.3%	-72.2%
Goodwill Impairment	(704)	(204)	-	-71.0%	-100.0%	-100.0%
Financial Charges	(26,704)	(27,938)	(14,637)	4.6%	-47.6%	-26.0%
Net Other Income	5,519	74,446	23,220	1249.0%	-68.8%	105.1%
Profit Before Zakat and Income Tax	35,664	66,839	13,046	87.4%	-80.5%	-39.5%
Zakat and Income Tax	(1,318)	(2,675)	(1,984)	103.0%	-25.9%	22.7%
Net Profit for the Year	34,347	64,163	11,063	86.8%	-82.8%	-43.2%
Shareholders of the Parent	32,358	59,360	10,742	83.4%	-81.9%	-42.4%
Non-Controlling Interest	1,989	4,804	320	141.5%	-93.3%	-59.9%
Other Comprehensive Income						
Foreign Currency Translation Reserve	(2,649)	(1,657)	871			
Unrealized Gain on Investment in Equity Instruments at Fair Value through Other Comprehensive Income	171	17,782	2,741			
Actuarial Loss on Re-Measurement of End of Service Benefits	(1,349)	(6,316)	(5,632)			
Total Profit and Other Comprehensive Income	30,520	73,972	9,042			

Source: The Company and the Financial Statements

Revenues

The Group's Revenues recorded between 2018G and 2020G are related to three segments: the Training Segment, the Education Segment, and the Call Center Segment. The Call Center Segment is the Group's main business segment, as it contributed an average of 43.9% of the total Revenues between 2018G and 2020G, followed by the Training and Education Segments at an average of 30.2% and 25.9%, respectively.

The Group has controlling stake in 7 companies outside the Kingdom. The Revenues of the Subsidiaries represent an average of 8.5% of the Total Revenues between 2018G and 2020G, while the Revenues of Al Khaleej Training and Education Company represent the largest part at an average of 91.5% of the Total Revenues between 2018G and 2020G.

Revenues increased by 7.7% in 2019G to reach 864.2 million Saudi Riyals, compared to 802.5 million Saudi Riyals in 2018G, mainly due to the growth in the Call Center and Education Segments by 8.9% and 14.2%, respectively.

Revenues decreased by 8.9% in 2020G to reach 787.3 million Saudi Riyals, driven by a decline in the Training Segment by 31.5%, due to the suspension of the Company's business from 11/03/2020G to 16/08/2020G as a result of the Covid-19 pandemic, partially offset by a 3.1% increase in the Call Center Segment.

Cost of Revenues

Cost of Revenues increased by 12.8% in 2019G to reach 727.0 million Saudi Riyals, compared to 644.7 million Saudi Riyals in 2018G, in line with the increase in the salaries of the Training, Education and Call Center segments employees by 14.3% due to the increase in the number of employees. Cost of Revenues decreased by 6.0% in 2020G to reach 683.7 million Saudi Riyals in line with the decrease in salaries by 7.5% as a result of the government support that the Company obtained regarding employee salaries due to the Covid-19 pandemic

Gross Profit

Gross Profit decreased by 13.1% in 2019G to reach 137.2 million Saudi Riyals, compared to 157.8 million Saudi Riyals in 2018G, as a result of an increase in Cost of Revenues by 82.3 million Saudi Riyals compared to an increase in Revenues by only 61.7 million Saudi Riyals. Gross Profit also decreased by 24.5% in 2020G to reach 103.6 million Saudi Riyals in line with the decrease in Revenues by 76.9 million Saudi Riyals, while Cost of Revenues decreased by only 43.3 million Saudi Riyals.

Selling and Marketing Expenses

Selling and Marketing Expenses increased by 7.4% in 2019G to reach 44.7 million Saudi Riyals, compared to 41.6 million Saudi Riyals, due to the increase in the sale and marketing team salaries by 7.4% during the year as a result of the Company's continuous efforts to strengthen its structure and increase the number of employees along with an increase in their salaries and bonuses. Selling and Marketing Expenses decreased by 1.6% in 2020G to reach 44.0 million Saudi Riyals, mainly due to the decrease in advertising expenses.

General and Administrative Expenses

General and Administrative Expenses include mainly the costs of the administration staff and employees of Subsidiaries, in addition to the rents, professional fees and consultation and Depreciation of the Property and Equipment and the Board of Directors' compensation.

General and Administrative Expenses increased by 1.1% and 0.4% to reach 50.7 million Saudi Riyals in 2019G and 50.9 million Saudi Riyals in 2020G, respectively, as a result of the increase in consumption that was partially offset by a decrease in Staff Cost.

Profit from Main Operations

Profit from Main Operations decreased from 57.6 million Saudi Riyals in 2018G to 20.5 million Saudi Riyals in 2019G as a result of the decline in Gross Profit during this period, in addition to the increase in operating expenses, mainly due to the increase in expected losses from trade receivables charged during the year. Profit from Main Operations decreased to 4.5 million Saudi Riyals in 2020G as a result of the decline in the Gross Profit.

Financing Costs

Financing Costs increased by 4.6% in 2019G to reach 27.9 million Saudi Riyals, compared to 26.7 million Saudi Riyals in 2018G, mainly due to the increase in the balance of Short-Term Loans. Financing Costs decreased by 47.6% to reach 14.6 million Saudi Riyals in 2020G, in line with the decrease in the balance of Short-Term Loans.

Net Other Income

Net Other Income increased from 5.5 million Saudi Riyals in 2018G to 74.4 million Saudi Riyals in 2019G as a result of recording profits from the sale of property and equipment amounting to 68.6 million Saudi Riyals as a result of selling three schools in December 2019G to Al Rajhi REIT Fund, which were leased for 15 years for an amount of 36.8 million Saudi Riyals per year with an increase of 7.5% per year. Net Other Income decreased to 23.2 million Saudi Riyals in 2020G, as no property and equipment were sold during the year.

Profit before Zakat and Income Tax

Profit before Zakat and Income Tax increased from 35.7 million Saudi Riyals in 2018G to 66.8 million Saudi Riyals, due to the increase in other revenues. The Profit before Zakat and Income Tax declined to 13.0 million Saudi Riyals in 2020G, in line with the decline in major operations, in addition to the fact that no profits were recorded from the sale of property and equipment during the year.

Zakat and Income Tax

Zakat and Income Tax expenses amounted to 1.3 million Saudi Riyals, 2.7 million Saudi Riyals and 2.0 million Saudi Riyals in 2018G, 2019G and 2020G, respectively, in proportion to the zakat base for these years.

Net Profit

Net Profit increased from 34.3 million Saudi Riyals in 2018G to 64.2 million Saudi Riyals in 2019G, mainly due to the profits from the sale of three schools during 2019G. Net Profit decreased to reach 11.1 million Saudi Riyals in 2020G as a result of the decline in the Group's business, which is mainly due to the suspension of business in the Training Segment as a result of the Covid-19 pandemic.

Other Comprehensive Income

The Group achieved a total Comprehensive Income of 30.5 million Saudi Riyals in 2018G, a decrease of 3.8 million Saudi Riyals compared to the Net Profit for the year, as a result of Foreign Currency Translation Reserve losses and Actuarial Loss on re-measurement of End of Service Benefits. The Group achieved a total Comprehensive Income of 74.0 million Saudi Riyals in 2019G, an increase of 9.8 million Saudi Riyals compared to the Net Profit for the year, as a result of recording Unrealized Gain on Investment in Equity Instruments at Fair Value through Other Comprehensive Income, partially offset by Actuarial Loss on re-measurement of End of Service Benefits and Foreign Currency Translation Reserve losses. The Group achieved a total Comprehensive Income of 9.0 million Saudi Riyals in 2020G, a decrease of 2.0 million Saudi Riyals compared to the Net Profit for the year, as a result of recording Actuarial Loss on re-measurement of End of Service Benefits, partially offset by Unrealized Gain on Investment in Equity Instruments at Fair Value through Other Comprehensive Income.

Revenues

The following table shows the Revenues by Segment for the financial years ending on December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 13: Revenues by Segment

SAR '000	Financial Year Ended 31 December				Change	CAGR
	2018G (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G- 2019G		
Training	273,978	278,251	190,587	1.6%	-31.5%	-16.6%
Education	193,416	220,946	220,488	14.2%	-0.2%	6.8%
Call centers	335,123	364,994	376,253	8.9%	3.1%	6.0%
Revenues	802,517	864,191	787,329	7.7%	-8.9%	-1.0%
Percentage of total revenue						
Training	34.1%	32.2%	24.2%			
Education	24.1%	25.6%	28.0%			
Call centers	41.8%	42.2%	47.8%			
Revenues	100.0%	100.0%	100.0%			

Source: The Company and the Financial Statements

The Group's Revenues recorded between 2018G and 2020G are related to three segments: the Training Segment, the Education Segment, and the Call Center Segment, which are based on corporate and individual clients. However, the majority of Revenues relate to corporate clients, which represented an average of 70.0% of total Revenues during this period. Revenue from individual clients is mainly related to the Education and Training Segments.

The Call Center Segment is the Group's main business segment, as it contributed an average of 43.9% of the Total Revenues between 2018G and 2020G, followed by the Training and Education Segments at an average of 30.2% and 25.9%, respectively.

Revenues increased by 7.7% in 2019G to reach 864.2 million Saudi Riyals, compared to 802.5 million Saudi Riyals in 2018G, mainly due to the growth in the Call Center and Education Segments by 8.9% and 14.2%, respectively.

Revenues decreased by 8.9% in 2020G to reach 787.3 million Saudi Riyals, driven by a decline in the Training Segment by 31.5%, partially offset by a 3.1% increase in the Call Center Segment.

Training Segment

The following table shows the Revenues from the Training Segment for the financial years ending on December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 14: Training Segment Revenues

SAR '000	Financial Year Ended 31 December				Change	CAGR
	2018G (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G- 2019G		
Computer	106,562	131,427	91,823	23.3%	-30.1%	-7.2%
Language	69,105	64,621	49,533	-6.5%	-23.3%	-15.3%
Financial and Management Training	98,311	82,203	49,231	-16.4%	-40.1%	-29.2%
Training segment revenues	273,978	278,251	190,587	1.6%	-31.5%	-16.6%

Source: The Company and the Financial Statements

The Training Segment mainly includes Computer Training, which represented an average of 44.4% of the Total Revenues of the Training Segment between 2018G and 2020G, followed by Financial and Management Training at an average of 30.9% and Language at an average of 24.7% of the Total Revenues of the Training Segment between 2018G and 2020G.

Revenues from the Training Segment increased by 1.6% in 2019G to reach 278.3 million Saudi Riyals, compared to 274.0 million Saudi Riyals in 2018G, as a result of a 23.3% increase in Computer Training Revenues partially offset by a 16.4% decrease in Financial and Management Training Revenues.

Revenues in the Training Segment declined by 31.5% in 2020G to reach 190.6 million Saudi Riyals, as the Group's business in this segment was suspended from 11/03/2020G to 16/08/2020G due to the Covid-19 pandemic.

It is worth noting that other Training Segment, which include vocational training for women, maritime training, salons and women's sports centers, were included under the Financial and Management Training, while Greenberry's were included under the Computer Training. It is worth noting that other training segments represent a small percentage of the Company's Revenues.

Education Segment

The following table shows the Revenues from the Education Segment for the financial years ending on December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 15: Education Segment Revenues

SAR '000	Financial Year Ended 31 December				Change	CAGR
	2018G (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G- 2019G		
Universities	84,653	93,861	92,326	10.9%	-1.6%	4.4%
Schools	108,763	127,085	128,162	16.8%	0.8%	8.6%
Revenues	193,416	220,946	220,488	14.2%	-0.2%	6.8%

Source: The Company and the Financial Statements

The Education Segment includes Schools and University Projects, which represented an average of 57.3% and 42.7% of the total Revenues of the Education Segment between 2018G and 2020G, respectively.

Revenues in the Education Segment increased by 14.2% in 2019G to reach 221.0 million Saudi Riyals, compared to 193.4 million Saudi Riyals in 2018G, as a result of a 16.8% increase in School Revenues due to the opening of Rowad Al-Khaleej International Schools in Jeddah, in addition to a 10.9% increase in University Projects in the normal course of business.

Revenues in the Education Segment did not record any significant change between 2019G and 2020G.

Call Centers Segment

The Call Center Sector is the largest contributor to the Group's Total Revenues, as it represented 41.8%, 42.2% and 47.8% of the Group's total revenues in 2018G, 2019G and 2020G, respectively.

Revenues in the Call Center Sector increased from 335.1 million SAR in 2018G to 365.0 million Saudi Riyals in 2019G and then to 376.3 million Saudi Riyals in 2020G in the normal course of business and the growing business from both new and existing customer.

The following table shows the Revenues from each of the Company and its Subsidiaries for the financial years ending on December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 16: Revenues from each of the Company and its Subsidiaries

SAR '000	Financial Year Ended 31 December				Change	CAGR
	2018G (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G- 2019G	2019G- 2020G	2018G- 2020G
Al Khaleej Training and Education Company	728,264	772,330	745,076	6.1%	-3.5%	1.1%
Subsidiaries	74,252	91,861	42,253	23.7%	-54.0%	-24.6%
Fast Lane Group (UAE)	13,383	12,694	6,071	-5.2%	-52.2%	-32.7%
Online Trading Academy Duty Free - ltd. (UAE)	14,924	12,799	5,034	-14.2%	-60.7%	-41.9%
Applied Digital Media Services Company(UAE)	84	120	192	42.8%	59.8%	51.1%
Franklin Covey Middle East Company and its subsidiaries (UAE)	30,279	47,484	19,576	56.8%	-58.8%	-19.6%
Al Khaleej Training and Information Technology Company(Egypt)	4,409	5,215	4,316	18.3%	-17.2%	-1.1%
Jobzella (Egypt)	1,184	579	116	-51.1%	-80.0%	-68.7%
Linguaphone Limited Company(UK)	9,988	12,970	6,948	29.9%	-46.4%	-16.6%
Revenues	802,517	864,191	787,329	7.7%	-8.9%	-1.0%
Percentage of total revenue						
Al Khaleej Training and Education Company	90.7%	89.4%	94.6%			
Subsidiaries	9.3%	10.6%	5.4%			

Source: The Company

The Group has controlling stakes in 7 companies outside the Kingdom (please refer to Subsection 3-9-2 "**Subsidiaries**" of Section 3 "**Company's Background and Nature of Business**". The Revenues of the Subsidiaries represented 9.3%, 10.6% and 5.4% of the Total Revenues as in 2018G, 2019G and 2020G, respectively.

The revenues of Franklin Covey Middle East Company represented the largest part of the Subsidiaries' Revenues at a rate of 46.7% of the Total Revenues of the Subsidiaries between 2018G and 2020G, followed by the Online Trading Academy and the Fast Lane Group at a rate of 15.7% and 15.4%, respectively.

The Revenues of the Subsidiaries increased by 23.7% in 2019G to reach 91.9 million Saudi Riyals, compared to 74.3 million Saudi Riyals in 2018G, driven by an increase of 17.6 million Saudi Riyals in the Revenues of Franklin Covey Middle East Company in line with the increase in its sales during the year. The Revenues of the Subsidiaries decreased by 54.0% in 2020G, to reach 42.3 million Saudi Riyals, affected by the Covid-19 pandemic.

Cost of Revenues

The following table shows the Cost of Revenues for the financial years ending on December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 17: Cost of Revenues

SAR '000	Financial Year Ended 31 December				Change	CAGR
	2018G (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G- 2019G	2019G- 2020G	2018G- 2020G
Salaries	483,538	552,732	511,133	14.3%	-7.5%	2.8%
Depreciation	22,565	21,810	22,012	-3.3%	0.9%	-1.2%
Rent	70,919	79,972	80,210	12.8%	0.3%	6.3%
Office expenses	19,342	21,810	20,762	12.8%	-4.8%	3.6%
Service and communication expenses	17,730	21,611	21,362	21.9%	-1.2%	9.8%
Other	30,624	29,081	28,249	-5.0%	-2.9%	-4.0%
Cost of Revenues	644,717	727,016	683,728	12.8%	-6.0%	3.0%
As a percentage of total cost of revenues						
Salaries	75.0%	76.0%	74.8%			
Depreciation	3.5%	3.0%	3.2%			
Rent	11.0%	11.0%	11.7%			
Office expenses	3.0%	3.0%	3.0%			
Service and communication expenses	2.8%	3.0%	3.1%			
Other	4.8%	4.0%	4.1%			
Cost of Revenues	100%	100%	100%			

Source: The Company

Cost of Revenues is mainly attributed to Al Khaleej Training and Education Company, where the Cost of Revenues of the Subsidiaries represented 5.4%, 5.9% and 2.9% of the Total Cost of Revenues as in 2018G, 2019G and 2020G, respectively.

Cost of Revenues mainly consisted of salaries, which constituted 75.0%, 76.0% and 74.8% of the Total Cost of Revenues in 2018G, 2019G and 2020G, respectively, and accordingly, the change in the Cost of Revenues ranged in line with the change in salaries.

These salaries are mainly related to the salaries of the employees of the three segments, the Training Segment, the Education Segment, and the Call Center Segment. These salaries increased by 14.3% in 2019G to reach 552.7 million Saudi Riyals, compared to 483.5 million Saudi Riyals in 2018G, as a result of the increase in the number of employees. Salaries decreased by 7.5% to reach 511.1 million Saudi Riyals in 2020G as a result of the government support that the Company obtained regarding employee salaries due to the Covid-19 pandemic.

Depreciation is primarily related to the electronics of the Training and Call Center Segments, as well as building improvement expenses. There was no fundamental change in Depreciation between 2018G and 2020G.

The Rents include rents for Call Centers and Training Segment, in addition to the housing of the Education Segment employees.

Office Expenses and Service and Communication Expenses are incurred in the ordinary course of business.

Other Income cost includes books and curricula for the Training and Education Segments.

Gross Profit

Gross Profit decreased by 13.1% in 2019G to reach 137.2 million Saudi Riyals, compared to 157.8 million Saudi Riyals in 2018G, as a result of an increase in Cost of Revenues by 82.3 million Saudi Riyals compared to an increase in Revenues by only 61.7 million Saudi Riyals. Accordingly, Gross Profit margin decreased from 19.7% in 2018G to 15.9% in 2019G.

Gross Profit decreased by 24.5% in 2020G to reach 103.6 million Saudi Riyals in line with the decrease in Revenues by 76.9 million Saudi Riyals, while Cost of Revenues decreased by only 43.3 million Saudi Riyals. Accordingly, Gross Profit margin decreased to 13.2% in 2020G.

Selling and Marketing Expenses

The following table shows the Selling and Marketing Expenses for the financial years ending on December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 18: Selling and Marketing Expenses

SAR '000	Financial Year Ended 31 December			2018G-2019G	Change 2019G-2020G	CAGR 2018G-2020G
	2018G (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)			
Staff Cost	30,049	32,286	33,718	7.4%	4.4%	5.9%
Advertising	8,065	8,666	6,716	7.4%	-22.5%	-8.7%
Printing and publication	996	1,070	755	7.4%	-29.5%	-13.0%
Gifts	550	591	106	7.4%	-82.1%	-56.1%
Other	1,980	2,127	2,709	7.4%	27.4%	17.0%
Selling and Marketing Expenses	41,640	44,740	44,004	7.4%	-1.6%	2.8%
Percentage of total Selling and Marketing Expenses						
Staff Cost	72.2%	72.2%	76.6%			
Advertising	19.4%	19.4%	15.3%			
Printing and publication	2.4%	2.4%	1.7%			
Gifts	1.3%	1.3%	0.2%			
Other	4.8%	4.8%	6.2%			
Selling and Marketing Expenses	100%	100%	100%			

Source: The Company and the Financial Statements

Selling and Marketing Expenses are mainly attributed to Al Khaleej Training and Education Company, where the Selling and Marketing Expenses of the Subsidiaries represented 12.3%, 12.9% and 6.9% of the total Selling and Marketing Expenses as in 2018G, 2019G and 2020G, respectively.

Selling and Marketing Expenses mainly consist of Staff Cost, which constituted 72.2%, 72.2% and 76.6% of the Total Selling and Marketing Expenses in 2018G, 2019G and 2020G, respectively.

Selling and Marketing Expenses increased by 7.4% in 2019G, in line with the increase in all expenses by 7.4% during the year. The decrease in Selling and Marketing Expenses by 1.6% in 2020G is mainly due to the decrease in Advertising Expenses.

Staff Cost are mainly related to the sale and marketing team personnel, and consist mainly of the basic salary, housing and transportation allowances, as well as bonuses. These costs increased by 7.4% and 4.4% in 2019G and 2020G, respectively, as a result of the Company's continuous efforts to strengthen its structure and increase the number of employees along with an increase in their salaries and bonuses.

Advertising Expenses relate to the costs of outdoor advertising, print and digital advertising. Advertising Expenses increased by 7.4% in 2019G to reach 8.7 million Saudi Riyals, compared to 8.1 million Saudi Riyals in 2018G as a result of the campaign launched by the Company for the opening of Rowad Al Khaleej International Schools in Jeddah. These expenses decreased by 22.5% in 2020G to reach 6.7 million Saudi Riyals, as the Company completely stopped advertising in the second quarter of 2020G due to the Covid-19 pandemic.

Printing and Publishing Expenses increased from 1.0 million Saudi Riyals in 2018G to 1.1 million Saudi Riyals in 2019G in the course of the Company's normal business. These expenses decreased to reach 0.8 million Saudi Riyals in 2020G, due to the Covid-19 pandemic.

Gift Expenses increased from 0.5 million Saudi Riyals in 2018G to 0.6 million Saudi Riyals in 2019G in the course of the Company's normal business. These expenses decreased to reach 0.1 million Saudi Riyals in 2020G, due to the Corona pandemic.

Other Expenses include the fees for services that include electricity and internet. Other Expenses increased by 7.4% in 2019G to reach 2.1 million Saudi Riyals, compared to 2.0 million Saudi Riyals in 2018G in the course of the Company's normal business. These expenses increased by 27.4% in 2020G to reach 2.7 million Saudi Riyals as a result of the high internet costs that the Company incurred on behalf of the employees, as the work was done remotely.

General and Administrative Expenses

The following table shows the General and Administrative Expenses for the financial years ending on December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 19: General and Administrative Expenses

SAR '000	Financial Year Ended 31 December				Change	CAGR
	2018G (reviewed)	2019G (restated (reviewed))	2020G (reviewed)	2018G- 2019G	2019G- 2020G	2018G- 2020G
Staff Cost	43,133	41,624	39,065	-3.5%	-6.1%	-4.8%
Rent	1,705	1,645	1,998	-3.5%	21.4%	8.3%
Professional fees and consultation	1,907	1,840	2,414	-3.5%	31.2%	12.5%
Depreciation	1,189	3,428	6,140	188.4%	79.1%	127.3%
Board of directors' compensation	900	900	900	0.0%	0.0%	0.0%
Other	1,266	1,222	368	-3.5%	-69.9%	-46.1%
General and Administrative Expenses	50,100	50,660	50,885	1.1%	0.4%	0.8%
Percentage of total General and Administrative Expenses						
Staff Cost	86.1%	82.2%	76.8%			
Rent	3.4%	3.2%	3.9%			
Professional fees and consultation	3.8%	3.6%	4.7%			
Depreciation	2.4%	6.8%	12.1%			
Board of directors' compensation	1.8%	1.8%	1.8%			
Other	2.5%	2.4%	0.7%			
General and Administrative Expenses	100%	100%	100%			

Source: The Company and the Financial Statements

The General and Administrative Expenses of the Subsidiaries represented 47.0%, 50.4% and 43.6% of the total General and Administrative Expenses as in 2018G, 2019G and 2020G, respectively. General and Administrative Expenses consist mainly of Staff Cost, which constituted 86.1%, 82.2% and 76.8% of the total General and Administrative Expenses in 2018G, 2019G and 2020G, respectively.

General and Administrative Expenses increased by 1.1% and 0.4% in 2019G and 2020G, respectively, as a result of the increase in depreciation partially offset by a decrease in Staff Cost.

These Staff Cost are mainly related to the administration staff and employees of Subsidiaries, and consist mainly of basic salary, housing and transportation allowances, in addition to bonuses and others. Staff Cost decreased by 3.5% and 6.1% in 2019G and 2020G, respectively, as a result of a restructuring related to the management of the Company and its Subsidiaries.

Rental Expenses include the rental properties of the administrative divisions.

Professional Fees and Consultation are primarily related to audit and legal advisor fees.

Depreciation relates to property, plant and equipment, and the variance with these expenses is due to additions and disposals to property, building and equipment of the Group.

The Board of Directors' Compensation includes attendance allowances and compensation for members of the Board of Directors and members of Board committees.

Other Expenses include services that include electricity and internet fees

Impairment of Other Financial Assets

Impairment of Other Financial Assets represents the expected losses from the trade receivables incurred during the year.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been Grouped based on shared credit risk characteristics and the days past due. The expected losses are based on the payment profiles of revenues over a period of 3 months before 31 December 2020G or 1 January 2020G respectively and the corresponding historical credit losses experienced within this period.

The following table shows the Movements in the Allowance of Impairment of Other Financial Assets for the financial years ended on December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 20: Movements in the Allowance of Impairment of Other Financial Assets

SAR '000	Financial Year Ended 31 December				Change	CAGR
	2018G (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G- 2019G	2019G- 2020G	2018G- 2020G
Balance at 1 January	14,762	20,529	41,076	39.10%	100.10%	66.80%
Charge of the year	8,506	21,240	4,248	149.70%	-80.00%	-29.30%
Amounts written off during the year	-2,739	-693	-126	-74.70%	-81.80%	-78.60%
Movements in the Allowance of Impairment of Other Financial Assets	20,529	41,076	45,199	100.10%	10.00%	48.40%

Source: The Company and the Financial Statements

Profit from Main Operations

Profit from Main Operations decreased from 57.6 million Saudi Riyals in 2018G to 20.5 million Saudi Riyals in 2019G as a result of the decline in Gross Profit during this period in addition to the increase in operating expenses. Profit from Main Operations decreased to 4.5 million Saudi Riyals in 2020G as a result of the decline in the Gross Profit

Goodwill Impairment

Goodwill is tested annually for impairment by management, and according to management's impairment test:

- In 2018G, it was found that the book value of the goodwill is less than its recoverable value, with the exception of the goodwill related to the following Subsidiaries:
 - Franklin Covey Middle East Company which was reduced in value by 204.0 thousand Saudi Riyals
 - Linguaphone Limited Company, whose value was reduced by 500.0 thousand Saudi Riyals
- In 2019G, it was found that the book value of the goodwill is less than its recoverable value, with the exception of the goodwill related to the Subsidiary Company Franklin Covey Middle East Company, whose value was reduced by 204.0 thousand Saudi Riyals.
- In 2020G, it was found that the book value of the goodwill is less than its recoverable value, and accordingly, its value was not reduced.

Finance Charges

Finance Charges increased by 4.6% in 2019G to reach 27.9 million Saudi Riyals, compared to 26.7 million Saudi Riyals in 2018G, mainly due to the increase in the balance of Short-Term Loans. Financing Charges decreased by 47.6% to reach 14.6 million Saudi Riyals in 2020G, in line with the decrease in the balance of Short-Term Loans.

Net Other Income

The following table shows the Net Other Income for the financial years ending on December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 21: Net Other Income

SAR '000	Financial Year Ended 31 December				Change	CAGR
	2018G (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G- 2019G	2019G- 2020G	2018G- 2020G
Al Rajhi REIT dividends	-	-	13,055	-	-	-
Rental income	4,530	5,021	9,361	10.9%	86.4%	43.8%
Deferred gain sale of property and equipment	804	804	804	0.0%	0.0%	0.0%
Gain from sale of property and equipment	(118)	68,621	-	-	-	-
Other	303	-	-	-	-	-
Net Other Income	5,519	74,446	23,220	1249.0%	-68.8%	105.1%

Source: The Company and the Financial Statements

Net Other Income increased from 5.5 million Saudi Riyals in 2018G to 74.4 million Saudi Riyals in 2019G as a result of recording profits from Gain from sale of property and equipment amounting to 68.6 million Saudi Riyals. Net Other Income decreased to 23.2 million Saudi Riyals in 2020G, as no property and equipment were sold during the year.

In December 2019G, the Group sold three schools (Rowad Al Khaleej International Schools (Dammam), Rowad Al Khaleej International Schools (Riyadh) and Baraem Rowad Al Khaleej International Schools (Riyadh)) with a value of 474.5 million Saudi Riyals to Al Rajhi REIT Fund and leased them back for 15 years for an amount of 36.8 million Saudi Riyals per year with an increase of 7.5% per year. Part of the value of the sold properties was paid by issuing 26,404,494 new units in Al Rajhi REIT Fund at a price of 8.8 Saudi Riyals per unit and paying the remaining amount in cash. Accordingly, Al Rajhi REIT's Dividends represent the dividends distributed from the fund, which were obtained during the year 2020G.

Rental Income in 2018G and 2019G represents revenue from leased space to third parties in the Company's main building. In September 2020G, the Company, in addition to the space it is renting in the main building, sub-rented two schools in Riyadh that it had not operated before.

In September 2015G, the Company sold an administrative building and leased it back for 20 years. The recognition of gains from selling the building, amounting to about 16 million Saudi Riyals, has been postponed in accordance with the requirements of International Financial Reporting Standards, and it is recognized in subsequent periods in proportion to the depreciation of the re-leased building. Accordingly, the Group recognized an amount of SAR 803,748 as Deferred Gain Sale of Property and Equipment.

Profits from the Sale of Property and Equipment amounting to 68.6 million Saudi Riyals in 2019G, represent the profit from the sale of the three schools in December 2019G to Al Rajhi REIT Fund.

Profit before Zakat and Income Tax

Profit before Zakat and Income Tax increased from 35.7 million Saudi Riyals in 2018G to 66.8 million Saudi Riyals, due to the increase in other revenues resulting from recording profits from the sale of property and equipment that relate to the sale of schools in December 2019G. Profit before Zakat and Income Tax declined to 13.0 million Saudi Riyals in 2020G, in line with the decline in operations, in addition to the fact that no profits from the sale of property and equipment were recorded during the year.

Zakat and Income Tax

Zakat and Income Tax Expenses amounted to 1.3 million Saudi Riyals, 2.7 million Saudi Riyals and 2.0 million Saudi Riyals in 2018G, 2019G and 2020G, respectively, in proportion to the zakat base for these years.

Net Income

Net Income increased from 34.3 million Saudi Riyals in 2018G to 64.2 million Saudi Riyals in 2019G, mainly due to the profits from selling the three schools during 2019G. The Net Income decreased to reach 11.1 million Saudi Riyals in 2020G as a result of the decline in the Group's business, which is mainly due to the suspension of business in the Training Segment as a result of the Covid-19 pandemic.

Other Comprehensive Income

Items that are not classified as profit or loss include:

- Foreign currency Translation Reserve
- Unrealized Gain on Investment in Equity Instruments at Fair Value through Other Comprehensive Income
- Actuarial Loss on Re-measurement of End of Services Benefits

The Group achieved a Total Comprehensive Income of 30.5 million Saudi Riyals in 2018G, a decrease of 3.8 million Saudi Riyals compared to the Net Profit for the year, as a result of recording Foreign currency Translation Reserve losses amounting to 2.6 million Saudi Riyals in addition to recording Actuarial Loss on Re-measurement of End of Services Benefits obligations amounting to 1.3 million Saudi Riyals.

The Group achieved a Total Comprehensive Income of 74.0 million Saudi Riyals in 2019G, an increase of 9.8 million Saudi Riyals compared to the Net Profit for the year, as a result of recording Unrealized Gain on Investment in Equity Instruments amounting to 17.8 million Riyals, partially offset by actuarial losses evaluating end-of-end reward obligations. The service for employees amounted to 6.3 million Saudi Riyals, in addition to recording losses in the Foreign currency Translation Reserve amounting to 1.7 million Saudi Riyals.

The Group achieved a Total Comprehensive Income of 9.0 million Saudi Riyals in 2020G, a decrease of 2.0 million Riyals compared to the net profit for the year, as a result of recording actuarial losses, evaluating employees' end-of-service benefits obligations amounting to 5.6 million Riyals, partially offset by Unrealized Gain on Investment in Equity Instruments. Ownership rights amounted to 2.7 million Saudi Riyals.

5-8 Balance Sheet

The following table shows the Summary Balance Sheet as of December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 22: Balance Sheet Summary

SAR '000	Financial Year Ended 31 December				Change	CAGR
	2018G (restated) (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G- 2019G	2019G- 2020G	2018G- 2020G
Assets						
Non-Current Assets	895,037	1,044,715	1,060,502	16.7%	1.5%	8.9%
Current Assets	460,357	585,225	461,132	27.1%	-21.2%	0.1%
Total Assets	1,355,395	1,629,940	1,521,634	20.3%	-6.6%	6.0%
Equity						
Total Equity	537,850	611,822	604,841	13.8%	-1.1%	6.0%
Liabilities						
Non-Current Liabilities	288,426	525,388	555,444	82.2%	5.7%	38.8%
Current Liabilities	529,119	492,731	361,349	-6.9%	-26.7%	-17.4%
Total Liabilities	817,545	1,018,118	916,793	24.5%	-10.0%	5.9%
Total Equity and Liabilities	1,355,395	1,629,940	1,521,634	20.3%	-6.6%	6.0%

Source: The Company and the Financial Statements

5-8-1 Assets

5-8-1-1 Non-Current Assets

The following table shows the Non-Current Assets as of December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 23: Non-Current Assets

SAR '000	Financial Year Ended 31 December				Change	CAGR
	2018G (restated) (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G- 2019G	2019G- 2020G	2018G- 2020G
Assets						
Net Intangible Assets	39,731	40,718	41,000	2.5%	0.7%	1.6%
Right of Use of Assets	29,291	298,061	288,339	917.6%	-3.3%	213.7%
Property and Equipment	807,085	436,864	459,350	-45.9%	5.1%	-24.6%
Investment in Equity Investment in Equity Instruments at Fair Value through other Comprehensive Income	18,930	269,071	271,812	1321.4%	1.0%	278.9%
Non-Current Assets	895,037	1,044,715	1,060,502	16.7%	1.5%	8.9%

Source: The Company and the Financial Statements

Net Property and Equipment is the main component of Non-Current Assets, as it represented 90.2%, 41.8% and 43.3% of the Total Non-Current Assets as on December 31, 2018G, December 31, 2019G and December 31, 2020G, respectively.

Non-Current Assets recorded a gradual increase between December 31, 2018G and December 31, 2020G.

Non-Current Assets increased by 16.7% to reach 1,044 million Saudi Riyals as on December 31, 2019G compared to 895.0 million Saudi Riyals as on December 31, 2018G, as a result of an increase in the Rights of Use of Assets and Investment in Equity Instruments at Fair Value through Other Comprehensive Income. This increase was partially offset by a decrease in Net Property and Equipment.

Non-Current Assets increased by 1.5% to reach 1,060 million Saudi Riyals as of December 31, 2020G due to the increase in Net Property and Equipment.

Net Intangible Assets

The following table shows the Net Intangible Assets as of December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 24: Net Intangible Assets

SAR '000	Financial Year Ended 31 December				Change	CAGR
	2018G (restated) (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G- 2019G	2019G- 2020G	2018G- 2020G
Goodwill	32,526	32,322	32,322	-0.6%	0.0%	-0.3%
Franchise Rights and Software	7,205	8,396	8,679	16.5%	3.4%	9.8%
Net Intangible Assets	39,731	40,718	41,000	2.5%	0.7%	1.6%

Source: The Company and the Financial Statements

The Net Intangible Assets are:

- Goodwill, which represented 81.9%, 79.4% and 78.8% of the Total Net Intangible Assets as on December 31, 2018G, December 31, 2019G and December 31, 2020G, respectively; and
- Franchise and Software Rights, which represented 18.1%, 20.6% and 21.2% of Total Net Intangible Assets as on December 31, 2018G, December 31, 2019G and December 31, 2020G, respectively.

There was no material change in the Goodwill as on December 31, 2018G, December 31, 2019G and December 31, 2020G, as it was found that the book value of the Goodwill was less than its recoverable value during this period, and accordingly it was not reduced in value.

Franchise Rights and Software increased from 7.2 million Saudi Riyals as on December 31, 2018G to 8.4 million Saudi Riyals as on December 31, 2019G, and then to 8.7 million Saudi Riyals as on December 31, 2020G, as a result of purchasing a new accounting program "Oracle (NetSuite)" at the end of 2019G, its implementation was completed in 2020G.

It is worth noting that Franchise Rights and Software are amortized over a period of 10 years.

Rights of Use of Assets

The following table shows the Right of Use of Leased Assets as on December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 25: Rights of Use of Leased Assets

SAR '000	Financial Year Ended 31 December		
	2018G (restated)	2019G (restated)	2020G
Administrative building in Al-Ghadeer District (Riyadh)	-	35,371	33,124
Al Ishraq Schools Building	-	14,944	14,052
Rowad Al Khaleej International School (Riyadh)	-	122,283	114,247
Rowad Al Khaleej International School (Dammam)	-	79,438	74,218
Baraem Rowad Al Khaleej International School (Riyadh)	-	8,640	8,072
Other	29,291	37,385	44,626
Right of Use of Assets	29,291	298,061	288,339

Source: The Company

The Company recognized the balance of Right of Use of Leased Assets that were recorded in the statement of financial position in line with the Company's adoption of IFRS 16 starting from January 1, 2019G. This standard replaces the requirements of IAS 17. The balance of Right of Use of Leased Assets amounted to 298.1 million Saudi Riyals as of December 31, 2019G and 288.4 million Saudi Riyals as of December 31, 2020G, and mainly includes the following assets:

- An administrative building in Al-Ghadeer District (Riyadh) that was sold in September 2015G to Manafea Holding Company and leased back for 20 years;
- Rowad Al-Khaleej National Schools Building (Dammam) that was leased from Mohammed Abdulaziz Al-Rajhi & Sons Group for investment in August 2016G for a period of 20 years;
- The buildings of three schools (Rowad Al Khaleej International Schools (Dammam), Rowad Al Khaleej International Schools (Riyadh) and Baraem Rowad Al Khaleej International Schools (Riyadh)) were sold to Al Rajhi REIT in December 2019G and leased for 15 years.

Net Property and Equipment

The following table shows the Net Property and Equipment as of December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 26: Net Property and Equipment

SAR '000	Financial Year Ended 31 December				Change	CAGR
	2018G (restated) (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G- 2019G	2019G- 2020G	2018G- 2020G
Lands	108,922	65,602	65,602	-39.8%	0.0%	-22.4%
Buildings	334,063	26,149	29,347	-92.2%	12.2%	-70.4%
Furniture, Office Equipment and Tools	65,754	80,551	71,036	22.5%	-11.8%	3.9%
Leasehold Improvement	111,993	109,000	123,322	-2.7%	13.1%	4.9%
Vehicles	941	710	1,043	-24.5%	46.9%	5.3%
Construction work in progress	185,412	154,851	169,000	-16.5%	9.1%	-4.5%
Net Property and Equipment	807,085	436,864	459,350	-45.9%	5.1%	-24.6%

Source: The Company and the Financial Statements

Net Property and Equipment includes Lands, Buildings, Furniture, Office Equipment and Tools, Leasehold Improvements, Vehicles and Construction Work in Progress.

The owned lands as on December 31, 2020G include a land in Riyadh, two lands in Al-Khobar and a land in Al-Ahsa. The book value of the lands decreased from 108.9 million Saudi Riyals as on December 31, 2018G to 65.6 million Saudi Riyals as on December 31, 2019G as a result of the sale of the three schools to Al Rajhi REIT Fund.

The Buildings as on December 31, 2020G, include buildings built on land in Riyadh, Al-Khobar and Al-Ahsa, in addition to the Rowad Al-Khaleej International School building in Jeddah. The book value of the buildings decreased from SAR 334.1 million as on December 31, 2018G to SAR 26.1 million as on December 31, 2019G as a result of the sale of the three schools to Al Rajhi REIT Fund. The book value of Buildings increased to 29.3 million Saudi Riyals as of December 31, 2020G, as the construction of a school in Al Khobar began.

Furniture, Office Equipment and Tools increased from 65.8 million Saudi Riyals as on December 31, 2018G to 80.6 million Saudi Riyals as on December 31, 2019G, as the furnishing of Rowad Al Khaleej International Schools in Jeddah was completed in 2019G. Furniture, Office Equipment and Tools decreased to 71.0 million Saudi Riyals as of December 31, 2020G as a result of the depreciation recognized during the year.

Leasehold Improvement decreased from 112.0 million Saudi Riyals as on December 31, 2018G to 109.0 million Saudi Riyals as on December 31, 2019G and then increased to 123.3 million Saudi Riyals as on December 31, 2020G in the course of the Company's normal business.

Vehicles include cars, buses to transport students in addition to cars used by some administrative staff.

Construction Work in Progress decreased from 185.4 million Saudi Riyals as on December 31, 2018G to 154.9 million Saudi Riyals as on December 31, 2019G, as the construction of Rowad Al Khaleej International Schools in Jeddah was completed. These construction works have increased to 169.0 million Saudi Riyals as of December 31, 2020G, as the Company is building an educational complex in the city of Al-Khobar.

It is also worth noting that on 29/08/2021G, the Company signed a sale and purchase agreement to acquire 60% of the shares of Al Roqi National Schools Company.

It was also agreed to expand the school by building a complex for girls and another one for boys. The Company also intends to acquire schools to meet its expansion goals (please refer to Section 6 "Use of Offering Proceeds").

Investment in Equity Instruments at Fair Value through Other Comprehensive Income

The following table shows the Investment in Equity Instruments at Fair Value through Other Comprehensive Income as of December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 27: Investment in Equity Instruments at Fair Value through Other Comprehensive Income

SAR '000	Financial Year Ended 31 December				Change	CAGR
	2018G (restated) (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G- 2019G	2019G- 2020G	2018G- 2020G
Investment in Equity Instruments	18,930	14,004	15,688	-26.0%	12.0%	-9.0%
Investment in Al Rajhi REIT Fund	-	255,067	256,124	-	0.4%	-
Investment in Equity Instruments at Fair Value through Other Comprehensive Income	18,930	269,071	271,812	1321.4%	1.0%	278.9%

Source: The Company and the Financial Statements

Investment in Equity Instruments at Fair Value through Other Comprehensive Income represents investment in equity instruments (New Horizons) and investment in Al Rajhi REIT Fund.

Investment in Equity Instruments represents the Group's 14.7% (5,000 shares) stake in New Horizons in the United States. The Group uses the most recent valuation prepared as at December 31 of the previous year to determine the fair value of the shares, based on non-marketable minority interest. It is worth noting that the chartered accountant qualified the financial statements ending on December 31, 2020G, as he was not provided with the fair value of the investment in New Horizons. It is worth noting that the financial statements ending on March 31, 2021G were not qualified.

Investment in Al Rajhi REIT represents the market value as of December 31 of its 16.3% (26,404,494 units) stake in Al Rajhi REIT, which it obtained in exchange for a portion of the value of the schools sold to the fund.

Investments in Equity Instruments at Fair Value Through other Comprehensive Income increased from 18.9 million Saudi Riyals as of December 31, 2018G to 269.1 million Saudi Riyals as of December 31, 2019G, where the Group acquired 26,404,494 units of Al Rajhi REIT Fund during the year. Investments in Equity Instruments at Fair Value Through other Comprehensive Income have not changed significantly as of December 31, 2020G.

5-8-1-2 Current Assets

The following table shows the Current Assets as of December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 28: Current Assets

SAR '000	Financial Year Ended 31 December				Change	CAGR
	2018G (restated) (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G- 2019G		
Cash and cash equivalent	38,465	181,967	28,272	373.1%	-84.5%	-14.3%
Account receivable, net	335,097	286,170	335,094	-14.6%	17.1%	0.0%
Other current assets	57,710	79,366	52,227	37.5%	-34.2%	-4.9%
Unbilled revenues	15,367	22,688	34,401	47.6%	51.6%	49.6%
Inventory, net	13,303	13,603	11,139	2.3%	-18.1%	-8.5%
Due from related parties	415	1,431	-	244.4%	-100.0%	-100.0%
Current Assets	460,357	585,225	461,132	27.1%	-21.2%	0.1%

Source: The Company and the Financial Statements

Net Receivables are the main component of Current Assets, as they represented 72.8%, 48.9% and 72.7% of the Total Current Assets as on December 31, 2018G, December 31, 2019G and December 31, 2020G, respectively.

Current Assets increased from 460.4 million Saudi Riyals as on December 31, 2018G to 585.2 million Saudi Riyals as on December 31, 2019G, and then decreased to 461.1 million Saudi Riyals as on December 31, 2020G affected by the movement in Cash and Cash Equivalents.

Cash and Cash Equivalent

The following table shows the Cash and Cash Equivalent as of December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 29: Cash and Cash Equivalent

SAR '000	Financial Year Ended 31 December				Change	CAGR
	2018G (restated) (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G- 2019G		
Balances at banks	34,722	172,778	22,619	397.6%	-86.9%	-19.3%
Cash in hand	3,743	9,189	5,652	145.5%	-38.5%	22.9%
Cash and cash equivalent	38,465	181,967	28,272	373.1%	-84.5%	-14.3%

Source: The Company and the Financial Statements

Cash and Cash Equivalent comprises mainly of cash in banks.

Cash and Cash Equivalents increased by 373.1% to reach 182.0 million Saudi Riyals as on December 31, 2019G compared to 38.5 million Saudi Riyals as on December 31, 2018G as a result of the sale of the three schools to Al Rajhi REIT Fund, where the Company obtained part of the value of the schools sold, which amounted to 242.1 one million Saudi Riyals in cash.

Cash and Cash Equivalents decreased by 84.5% to reach 22.6 million Saudi Riyals as of December 31, 2020G, due to delays in collection from customers due to the Covid-19 pandemic, in addition to purchasing property and equipment and paying part of Short-Term Loans.

Net Accounts Receivable

The following table shows the Net Accounts Receivable as of December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 30: Net Accounts Receivable

SAR'0 00	Financial Year Ended 31 December				Change	CAGR
	2018G (restated) (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G- 2019G	2019G- 2020G	2018G- 2020G
Trade receivables	355,626	327,247	380,292	-8.0%	16.20	3.40
Allowance for impairment of other financial assets	20,529	41,076	45,199	100.10	10.00	48.40
Net Accounts Receivable	335,097	286,170	335,094	-14.6%	%17.10	0.0%

Source: The Company and the Financial Statements

Net Accounts Receivable relate to amounts owed to the Company by its customers, and provisions are recorded against these receivables in accordance with the expected credit losses.

Government and Semi-Governmental entities accounted for 81.9%, 73.5% and 70.0% of the total Net Accounts Receivable as on December 31, 2018G, December 31, 2019G and December 31, 2020G, respectively.

Net Accounts Receivable decreased by 14.6% to reach 286.2 million Saudi Riyals as on December 31, 2019G compared to 335.1 million Saudi Riyals as on December 31, 2018G, driven by a decrease in Trade Receivables by 8% in addition to an increase in provisions by 100.1%.

Net Accounts Receivable increased by 17.1% to reach 335.1 million Saudi Riyals as of December 31, 2020G, due to poor collection from customers due to the Covid-19 pandemic.

Other Current Assets

The following table shows the Other Current Assets as of December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 31: Other Current Assets

SAR'000	Financial Year Ended 31 December				Change	CAGR
	2018G (restated) (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G- 2019G	2019G- 2020G	2018G- 2020G
Prepaid Expenses	43,996	54,277	33,835	23.4%	-37.7%	-12.3%
Dividends Receivable	-	-	10,013	-	-	-
Employees Receivable	4,362	4,082	2,065	-6.4%	-49.4%	-31.2%
Refundable Deposits	1,776	1,776	748	0.0%	-57.9%	-35.1%
Advances to Suppliers	5,365	11,964	-	123.0%	-100.0%	-100.0%
Other Receivables	2,211	7,267	5,565	228.7%	-23.4%	58.6%
Other Current Assets	57,710	79,366	52,227	37.5%	-34.2%	-4.9%
Percentage of total other current assets						
Prepaid Expenses	76.2%	68.4%	64.8%			
Dividends Receivable	0.0%	0.0%	19.2%			
Employees Receivable	7.6%	5.1%	4.0%			
Refundable Deposits	3.1%	2.2%	1.4%			
Advances to Suppliers	9.3%	15.1%	0.0%			
Other Receivables	3.8%	9.2%	10.7%			
Other Current Assets	100%	100%	100%			

Source: The Company and the Financial Statements

Other Current Assets mainly include Prepaid Expenses which represented 76.2%, 68.4% and 64.8% of the total Other Current Assets as on December 31, 2018G, December 31, 2019G and December 31, 2019G, respectively.

Other Current Assets increased by 37.5% as of December 31, 2019G to reach 79.4 million Saudi Riyals compared to 57.7 million Saudi Riyals as of December 31, 2018G, as a result of the increase in Prepaid Expenses in addition to the increase in payments made to suppliers and other assets. Other Current Assets decreased by 34.2% as of December 31, 2020G to reach 52.2 million Saudi Riyals in line with the decrease in Prepaid Expenses in addition to the decrease in payments made to suppliers.

Prepaid Expenses represent insurance expenses, government expenses and maintenance contracts. These expenses increased from 44.0 million Saudi Riyals as on December 31, 2018G to 54.3 million Saudi Riyals as on December 31, 2019G as a result of the increase in medical insurance costs. These expenses decreased to 33.8 million Saudi Riyals as of December 31, 2020G, as a result of the government support that the Company obtained following the Covid-19 pandemic.

Dividends Receivable amounting to 10.0 million Saudi Riyals as of December 31, 2020G is related to Al Rajhi REIT units.

The discrepancy in Employee Receivables and Refundable Deposits is in the normal course of business of the Company.

Advances to Suppliers increased from 5.4 million Saudi Riyals as on December 31, 2018G to 12.0 million Saudi Riyals as on December 31, 2019G as the Company paid 6 months in advance the rents of the three schools that were sold to Al Rajhi REIT Fund.

Other assets include software and systems subscriptions. These assets increased from 2.2 million Saudi Riyals as of December 31, 2018G to 7.3 million Saudi Riyals as of December 31, 2019G in the course of the Company's normal business. These assets decreased to 5.6 million Saudi Riyals as of December 31, 2020G, as some subscriptions were frozen during the year due to the Covid-19 pandemic.

Unbilled Revenues

Unbilled Revenues are related to the Training and Call Centers Segments, which are services that were provided to the customer and have not yet been officially billed.

Net Inventory

Inventory includes books and syllabuses that are distributed during training courses.

Net Inventory did not record any material change between 2018G and 2019G, and decreased by 18.1% to reach 11.1 million Saudi Riyals due to the Covid-19 pandemic.

Due from Related Parties

Due from Related Parties represents receivables from companies owned by members of the Board of Directors. Due from related parties amounted to 0.4 million Saudi Riyals and 1.4 million Saudi Riyals as on December 31, 2018G and December 31, 2019G, respectively. The Group did not record any Due from Related Parties as of December 31, 2020G.

5-8-2 Equity

The following table shows the Equity as of December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 32: Equity

SAR '000	Financial Year Ended 31 December				Change	CAGR
	2018G (restated) (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G- 2019G	2019G- 2020G	2018G- 2020G
Share Capital	450,000	450,000	450,000	0.0%	0.0%	0.0%
Statutory Reserve	76,627	83,044	84,150	8.4%	1.3%	4.8%
Retained Earnings	5,336	51,963	44,717	873.9%	-13.9%	189.5%
Foreign Currency Translation Reserve	(2,755)	(2,235)	(2,773)	-18.9%	24.1%	0.3%
Fair Value Reserve	171	17,953	20,693	10390.0%	15.3%	999.6%
Total Equity Attributable to the Shareholders of the Parent	529,379	600,724	596,787	13.5%	-0.7%	6.2%
Non-Controlling Interest	8,471	11,097	8,054	31.0%	-27.4%	-2.5%
Total Equity	537,850	611,822	604,841	13.8%	-1.1%	6.0%

Source: The Company and the Financial Statements

Share Capital

The Group's Capital remained constant between December 31, 2018G and December 31, 2020G, amounting to 450.0 million Saudi Riyals divided into 45.0 million ordinary shares with a nominal value of 10 Saudi Riyals per share.

There was no major change in the capital of the Subsidiaries during the three years immediately preceding the date of submitting the application for registration and offering the securities subject to this Prospectus.

Statutory Reserve

According to the Companies Law, 10% of the net profits are set aside annually to form the Statutory Reserve for the Company. The Ordinary General Assembly may decide to discontinue this deduction when the said reserve reaches 30% of the paid-up Capital. The Statutory Reserve amounted to 76.6 million Saudi Riyals, 83.0 million Saudi Riyals and 84.2 million Saudi Riyals as on December 31, 2018G, December 31, 2019G and December 31, 2020G, respectively

Retained Earnings

Due to the profits recorded by the Group in previous years, the Retained Earnings amounted to 44.7 million Saudi Riyals as of December 31, 2020G.

Foreign Currency Translation Reserve

The Foreign Currency Translation Reserve is used to convert the results of the parent Company's foreign Subsidiaries into its reporting currency (the Saudi Riyal), which is an essential part of the consolidation process.

Fluctuations in the Foreign Currency Translation Reserve balance result from the change in currency rates during the period. The Group recorded a loss in the Foreign Currency Translation Reserve of 2.8 million Saudi Riyals as of December 31, 2020G.

Fair Value Reserve

The Fair Value Reserve represents the cumulative unrealized gain in the fair value of shares in New Horizons in the United States. The Fair Value Reserve amounted to 20.7 million Saudi Riyals as of December 31, 2020G

5-8-3 Liabilities

5-8-3-1 Non-Current Liabilities

The following table shows the Non-Current Liabilities as of December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 33: Non-Current Liabilities

SAR '000	Financial Year Ended 31 December				Change	CAGR
	2018G (restated) (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G- 2019G	2019G- 2020G	2018G- 2020G
Long-Term Loans	136,828	98,545	161,157	-28.0%	63.5%	8.5%
Deferred Gain from Sale of Property and Equipment	12,458	11,654	10,851	-6.5%	-6.9%	-6.7%
Lease Obligations	85,175	359,175	322,628	321.7%	-10.2%	94.6%
Employees' End of Service Benefits	53,965	56,013	60,809	3.8%	8.6%	6.2%
Non-current Liabilities	288,426	525,388	555,444	82.2%	5.7%	38.8%

Source: The Company and the Financial Statements

Non-Current Liabilities mainly comprised of long-term Loans and loan commitments, which represented (on a joint basis) 77.0%, 87.1% and 87.1% of the Total Non-Current Liabilities as on December 31, 2018G, December 31, 2019G and December 31, 2020G, respectively.

Non-Current Liabilities increased by 82.2% to reach 525.4 million Saudi Riyals as on December 31, 2019G compared to 288.4 million Saudi Riyals as on December 31, 2018G, due to an increase in rental obligations. Non-Current Liabilities increased by 5.7% to reach 555.4 million Saudi Riyals as of December 31, 2020G, due to an increase in long-term loans.

Long-Term Loans

The following table shows the Financing Structure as of December 31, 2020G.

Table 34: Funding Structure as of December 31, 2020G

SAR '000	Funders	Credit Limit	Warranties	Amount used
Facilitation				as on December 31, 2020
Long-term loan	Riyad Bank	267,000	Promissory note of 357.5 million Saudi Riyals	140,000
			Promissory note of 296.9 million Saudi Riyals	
Long-term loan And Short-term loan	Banque Saudi Fransi	214,000	Assignment of contract proceeds	
			Directing the Offering proceeds	49,771
			Mortgage the title deeds of the new schools in the event that the offering is not completed before June 2022G	
Short-term loan	Arab National Bank	122,301	Promissory note of 130.0 million Saudi Riyals	104,000
			Mortgage and seizure of all the assets of the investment portfolio	
Short-term loan	Al Rajhi Bank	20,000	Promissory note of 20.5 million Saudi Riyals	20,000
Short-term loan	British Saudi Bank	88,500	Promissory note of 83.5 million Saudi Riyals	27,000
			Promissory note of 5 million Saudi Riyals	
Short-term loan	National Commercial Bank	20,000	Promissory note of 20 million Saudi Riyals	15,000
Short-term loan	Alinma Bank	60,000	Promissory note of 60 million Saudi Riyals	52,000
			Promissory note of 93 million Saudi Riyals	
Short-term loan	Aljazira Bank	88,000	Assignment in favor of the bank of the proceeds/receivables of projects/contracts financed and accepted by the bank, against which letters of guarantee are issued.	8,000
Total Loans				415,771

Source: The Company and financial statements

The Company obtained Long-Term Loans from several local banks to finance its projects and construct buildings for educational facilities.

Long-Term Loans as of December 31, 2020G include:

- A loan from Riyadh Bank in the amount of 140.0 million Saudi Riyals obtained by the Company in order to finance new projects, and it was fully used as of December 31, 2020G. It is worth noting that this loan was obtained by the Company in 2019G as a short-term loan, which was refinanced and its maturity date extended to become a long-term loan due in 2025G.
- A loan from Banque Saudi Fransi in the amount of 100.0 million Saudi Riyals obtained by the Company to build a new school. As of December 31, 2020G, 21.2 million Saudi Riyals were used. This loan is due in 2025G and has a grace period of three years.

These loans are subject to commission in accordance with the generally accepted Saudi Interbank Offered Rates (SIBOR) in addition to an agreed margin. All such loans are secured by promissory notes and certain land mortgages (for more details, please refer to Subsection 9-6 "**Loans and Credit Facilities**" of Section 9 "**Legal Information**").

Deferred Gain from Sale of Property and Equipment

In September 2015G, the Company sold an administrative building and leased it back for 20 years. The recognition of gains from the sale of the building, amounting to about 16 million Saudi Riyals, has been postponed in accordance with the requirements of International Financial Reporting Standards, and it is recognized in subsequent periods in proportion to the depreciation of the re-leased building. Accordingly, the Group recognized an amount of 803,748 Saudi Riyals as Deferred Gain from Sale of Property and Equipment.

Lease Obligations

Lease Obligations represent obligations arising from the acquisition of assets through financing and operating leases, and consist mainly of the following assets:

- An administrative building in Al-Ghadeer district (Riyadh) that was rented in September 2015G for a period of 20 years
- Rowad Al Khaleej National Schools Building (Dammam) was rented in August 2016G for 20 years
- Rowad Al Khaleej International School Building (Riyadh) was rented in December 2019G for 15 years
- Rowad Al Khaleej International School Building (Dammam) was rented in December 2019G for 15 years
- Baraem Rowad Al Khaleej International School Building (Riyadh) was rented in December 2019G for 15 years

Lease Obligations increased from 85.2 million Saudi Riyals as of December 31, 2018G to 359.2 million Saudi Riyals as of December 31, 2019G, as a result of renting three school buildings during the year.

Rental commitments decreased to 322.6 million Saudi Riyals as of December 31, 2020G, in line with payments during the year.

Employees' End of Service Benefits

Employees' End of Service Benefits is a legal requirement for all Saudi companies, and it is payable to employees upon their dismissal or the termination of their employment contracts.

Employees' End of Service Benefits gradually increased from 54.0 million Saudi Riyals as on December 31, 2018G to 56.0 million Saudi Riyals as on December 31, 2019G, and then to 60.8 million Saudi Riyals as on December 31, 2020G. This increase is mostly due to an increase in salaries and the recruitment of new employees.

5-8-3-2 Current Liabilities

The following table shows the Current Liabilities as of December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 35: Current Liabilities

SAR '000	Financial Year Ended 31 December				Change	CAGR
	2018G (restated) (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G- 2019G	2019G- 2020G	2018G- 2020G
Notes Payable	90,138	3,561	5,497	-96.0%	54.4%	-75.3%
Short-Term Loans	289,459	324,994	261,014	12.3%	-19.7%	-5.0%
Current Portion of Long-Term Loans	44,717	24,584	-	-45.0%	-100.0%	-100.0%
Current Portion of Deferred Gain from Sale of Property and Equipment	804	804	804	0.0%	0.0%	0.0%
Current Portion of Lease Obligations	16,983	16,553	17,454	-2.5%	5.4%	1.4%
Trade and Other Payables	82,319	119,624	74,867	45.3%	-37.4%	-4.6%
Due to Related Parties	1,969	3	240	-99.9%	8930.9%	-65.1%
Zakat and Income Tax Payable	2,731	2,608	1,475	-4.5%	-43.5%	-26.5%
Current Liabilities	529,119	492,731	361,349	-6.9%	-26.7%	-17.4%

Source: The Company and the Financial Statements

Current Liabilities mainly include Short-Term Loans and other credit balances, which represented (on a joint basis) 70.3%, 90.2% and 93.0% of the Total Current Liabilities as on December 31, 2018G, December 31, 2019G and December 31, 2020G, respectively.

Current liabilities gradually decreased from 529.1 million Saudi Riyals as on December 31, 2018G to 492.7 million Saudi Riyals as on December 31, 2019G, and then to 361.3 million Saudi Riyals as on December 31, 2020G as a result of the decrease in current credit facilities.

Notes Payable and Short-Term Loans

The Company obtained short-term facilities from several local banks to finance its projects. The financing is subject to a commission in accordance with the rates of commission rates accepted among banks in Saudi Arabia (SIBOR) in addition to an agreed margin. All such facilities are secured by promissory notes.

The balance of these facilities decreased from 379.6 million Saudi Riyals as on December 31, 2018G to 328.6 million Saudi Riyals as on December 31, 2019G in line with the payment of outstanding balances. The balance of these facilities decreased to 266.5 million Saudi Riyals as of December 31, 2020G, as the Short-Term Loan was reclassified from Riyad Bank to a long-term loan.

Current Portion of Long-Term Loans

The Group did not record a Current Portion of Long-Term Loans as on December 31, 2020G, as the long-term loan from Riyad Bank was reclassified from short to long-term during the year 2020G, and the loan from the Banque Saudi Fransi has a grace period of three years.

Current Portion of Deferred Gain from Sale of Property and Equipment

The Current Portion of Deferred Gain from Sale of Property and Equipment is related to the gains from the sale of the administrative building in 2015G (which was re-leased for a period of 20 years) that were recognized in subsequent periods in proportion to the depreciation of the leased building. Accordingly, the Group recognized an amount of 803,748 Saudi Riyals as Deferred Gain from Sale of Property and Equipment.

Current portion of Lease Obligations

Current portion of Lease Obligations as on December 31, 2020G, amounted to 17.5 million Saudi Riyals, and is related to the obligations of renting the administrative building in Al Ghadeer district, the Rowad Al Khaleej National Schools building (Dammam) and the three school buildings rented from Al Rajhi REIT Fund.

Trade and Other Payables

The following table shows the Trade and Other Payables as of December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 36: Trade and Other Payables

SAR '000	Financial Year Ended 31 December				Change	CAGR
	2018G (restated) (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)	2018G- 2019G	2019G- 2020G	2018G- 2020G
Trade Payable	11,528	23,397	21,483	103.0%	-8.2%	36.5%
Accrued Expenses	48,792	56,850	48,765	16.5%	-14.2%	0.0%
Value Added Tax Payable	-	26,256	129	-	-99.5%	-
Advances from Customers	16,152	5,883	3,928	-63.6%	-33.2%	-50.7%
Other	5,848	7,239	562	23.8%	-92.2%	-69.0%
Trade and Other Payables	82,319	119,624	74,867	45.3%	-37.4%	-4.6%

Source: The Company and the Financial Statements

Trade and Other Payable balances mainly include Accrued Expenses which represented 59.3%, 47.5% and 65.1% of the total current liabilities as on December 31, 2018G, December 31, 2019G and December 31, 2020G, respectively.

Trade Payable increased from 11.5 million Saudi Riyals as on December 31, 2018G to 23.4 million Saudi Riyals as on December 31, 2019G, and then decreased to 21.5 million Saudi Riyals as on December 31, 2020G in line with the Company's business.

Accrued Expenses mainly comprise of salaries payable to employees. These expenses increased from 48.8 million Saudi Riyals as on December 31, 2018G to 56.9 million Saudi Riyals as on December 31, 2019G and then decreased to 48.8 million Saudi Riyals as on December 31, 2020G in the course of the Company's normal business.

The Group recorded Value Added Tax Payable amounting to 26.3 million Saudi Riyals as of December 31, 2019G and it relates to the sale of the three schools to Al Rajhi REIT Fund.

Advances from Customers are sums made by a number of clients in the Education and Training Segments. These advances decreased from 16.2 million Saudi Riyals as on December 31, 2018G to 5.9 million Saudi Riyals as on December 31, 2019G and then to 3.9 million Saudi Riyals as on December 31, 2020G in line with the Company's business.

Other accruals include services, accrued project expenses and performance awards. The variance in other accruals is mainly due to performance bonuses which are calculated in proportion to the Company's earnings.

Due to Related Parties

Due to Related Parties represents dues to companies owned by members of the Board of Directors. Due to related parties amounted to 2.0 million Saudi Riyals, 0.03 million Saudi Riyals and 0.24 million Saudi Riyals as on December 31, 2018G, December 31, 2019G and December 31, 2020G, respectively.

Zakat and Income Tax Payable

The Group submitted its consolidated zakat returns for all years up to 2020G, and accordingly paid the due zakat. Zakat assessments have been approved by the General Authority for Zakat and Income for all years up to the year 2006G.

The General Authority of Zakat and Income has reviewed the Group's records for the years from 2007G to 2014G, and the final evaluation resulted in due zakat amounting to 12.9 million Saudi Riyals that was paid during the year 2018G. Zakat declarations for the years 2015, 2016G, 2017G and 2018G are still under review.

5-8-4 Contingent Liabilities

The Group's banks issued, on its behalf and during its normal course of business, bank guarantees amounting to 88.3 million Saudi Riyals as at 31 December 2020G.

5-8-5 Cash Flow Statement

The following table shows the Cash Flow Statement as of December 31, 2018G, December 31, 2019G and December 31, 2020G.

Table 37: Cash Flow Statement

SAR '000	Financial Year Ended 31 December		
	2018G (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)
Operating Activities			
Profit before Zakat and Income Tax	35,664	66,839	13,046
Adjustments to:			
Depreciation and Amortization	22,171	42,306	49,533
Goodwill Impairment	704	204	-
Deferred Gain on Sale of Property and Equipment	(804)	(804)	(804)
Gain on Sale of Property and Equipment	118	(27,230)	-
Impairment of Other Financial Assets	8,506	21,240	4,248
Bad Debts	(2,739)	(693)	(126)
Provision for Employees' End of Service Benefits	14,971	15,897	12,829
	78,591	117,759	78,726
Net changes in Working Capital:			
Accounts Receivable	(38,996)	28,379	(53,046)
Other Current Assets	(3,694)	(21,656)	27,139
Unbilled Revenue	(10,525)	(7,321)	(11,713)
Inventories	687	(299)	2,464
Related Parties, net	3,005	(2,981)	1,668
Trade and Other Payables	20,957	37,306	(44,758)
Cash from Operating Activities	50,025	151,187	481
Employees' End of Service Benefits Paid	(9,869)	(20,165)	(13,665)
Zakat and Income Tax Paid	(14,865)	(2,799)	(3,117)
Net Cash (used in) from Operating Activities	25,290	128,223	(16,301)
Investing Activities			
Purchase of Property and Equipment	(36,196)	(59,974)	(42,345)
Proceed from Sale and Property and Equipment	-	431,041	-
Purchase of Investment	-	(232,360)	-
Additions to Intangible Assets	(2,180)	(1,983)	(906)
Right of Use of Assets	-	(283,900)	(19,329)
Net Cash used in Investing Activities	(38,377)	(147,176)	(62,580)
Financing Activities			
Notes Payable	10,385	(86,577)	1,936
Term Loans, net	42,496	(22,880)	(25,952)
Net Lease Obligations	(2,989)	273,570	(35,647)
Dividends Paid	(20,000)	-	(11,250)
Foreign Currency Translation Reserve	(1,084)	521	(538)
Non-Controlling Interest	(3,565)	(2,177)	(3,364)

SAR '000	Financial Year Ended 31 December		
	2018G (reviewed)	2019G (restated) (reviewed)	2020G (reviewed)
Net cash (used in) from Financing Activities	25,244	162,456	(74,815)
Net change in Cash and Cash Equivalent	12,157	143,502	(153,696)
Cash and Cash Equivalent at the Beginning of the Year	26,308	38,465	181,967
Cash and Cash Equivalent at the End of the Year	38,465	181,967	28,272

Source: The Company and the Financial Statements

Cash and Cash Equivalents between 2018G and 2020G is the result of Operating, Investing and Financing Activities.

Cash and Cash Equivalents increased from 38.5 million as on December 31, 2018G to SAR 182.0 million as on December 31, 2019G as a result of the increase in cash inflows from Operating and Financing Activities.

Cash and Cash Equivalents decreased to 28.3 million Saudi Riyals as of December 31, 2020G, as a result of the increase in cash outflows from Operating Activities, Investment Activities, and Financing Activities.

Operating Activities

Net Cash from Operating Activities increased to 128.2 million Saudi Riyals as on December 31, 2019G compared to 25.3 million Saudi Riyals as on December 31, 2018G, in line with the increase in the Group's profits by 31.2 million Saudi Riyals, as the Company recorded Profits Before Zakat and Income Tax amounting to 66.8 million Saudi Riyals in 2019G compared to 35.7 million Saudi Riyals in 2018G, in addition to an increase in cash generated from Account Receivable as Account receivables decreased by approximately 28.4 million Saudi Riyals in 2019G.

Net Cash from Operating Activities declined to (16.3) million Saudi Riyals as of December 31, 2020G, affected by the decline in the Group's profits by 53.8 million Saudi Riyals, as the Company's Profits Before Zakat decreased to 13.0 million Saudi Riyals in 2020G, in addition to the decrease in cash generated from Accounts Receivable, and the increase in Trade and Other Payables, as Accounts Receivable increased by 53.0 million Saudi Riyals in 2020G, and Trade and Other Payables decreased by 44.8 million Saudi Riyals in 2020G.

Investing Activities

Net Cash used in Investing Activities decreased from (38.4) million Saudi Riyals as on December 31, 2018G to (141.2) million Saudi Riyals as on December 31, 2019G as a result of additions to Right of Use of Assets by 283.9 million Saudi Riyals in line with the change in the accounting standard starting from January 1 2019G, in addition to Purchase of Investment of 232.4 million Saudi Riyals as a result of acquiring units in the Al-Rajhi REIT Fund, partially offset by proceeds from the Proceed from Sale and Property and Equipment amounting to approximately 431.0 million Saudi Riyals as a result of selling the three schools to the Al-Rajhi REIT Fund.

Net Cash used in Investing Activities increased to reach (62.6) million Saudi Riyals as of December 31, 2020G, in line with the non-purchased investments during this period and the decrease in the value of Right of Use of Assets additions by approximately 19.3 million Saudi Riyals in 2020G.

Financing Activities

Net Cash from Financing Activities increased to 162.5 million Saudi Riyals as on December 31, 2019G compared to 25.2 million Saudi Riyals as on December 31, 2018G. This is mainly due to an increase in Net Lease Obligations by 273.6 million Saudi Riyals as a result of renting three school buildings during the year. Partially offset by the repayment of facilities amounting to approximately 86.6 million Saudi Riyals.

Net Cash from Financing Activities decreased to reach (74.8) million Saudi Riyals as of December 31, 2020G, mainly due to a decrease in Net Lease Obligations by 35.7 million Saudi Riyals in line with the payments during the year, in addition to a decrease in Net Term Loans by 26.0 million Saudi Riyals.

6- Use of Offering Proceeds

6-1 Net Offering Proceeds

It is expected that the total proceeds of the Rights Issue will reach 200 million Saudi Riyals. About 4 million Saudi Riyals is expected to be deducted from the total Offering Proceeds, to cover expenses and fees of the Financial Advisor, Legal Advisor, Lead Manager, Underwriter, in addition to the advertising and printing expenses and other expenses related to the Offering. Accordingly, the Net Offering Proceeds will be around 196.0 million Saudi Riyals.

The Company will use the Net Offering Proceeds amounting to around 196.0 million Saudi Riyals to support its expansion in the Education Segment through the acquisition of schools and the repayment of part of its short-term facilities. The shareholders will not receive any of the proceeds arising from the Offering.

6-2 Use of Net Offering Proceeds

The table below shows the proposed use of the Offering Proceeds:

Table 38: Suggested Use of the Offering Proceeds

Description	Value (SAR million)
Total Offering Proceeds	200
Offering Expenses	(4)
Net Offering Proceeds	196
Expansion in the Education Segment	96
Repayment of Short-Term Loans	100
Net Offering Proceeds	196

In line with the requirements of Article (54) paragraph (b) of the Rules on the Offer of Securities and Continuing Obligations, the Company will disclose on the Saudi Exchange website when there is a difference of (5%) or more between the actual use of the proceeds and the one disclosed in this Prospectus, as soon as it is recognized.

Use of Net Offering Proceeds to expand the Education Segment

The Company's strategy includes expanding in the Education Segment through the acquisition of schools. The Company intends to purchase schools to meet its expansion goals, and accordingly, part of the proceeds from the offering (not exceeding 96.0 million Saudi Riyals) will be used in due course to finance these acquisitions. As at the date of this Prospectus, the Company is still looking for schools to be acquired, but it is planned that this part of the Offering Proceeds to 96.0 million Saudi Riyals will be used to acquire:

- 1 school in the north of Jeddah, with a capacity of not more than 3,000 students, and a value not exceeding 60 million Saudi Riyals
- 1 school in the east of Riyadh, with a capacity of not more than 1,500 male and female students, and a value not exceeding 36 million Saudi Riyals

It is expected that these schools will be acquired before the end of the third quarter of 2022G, and the Company does not need other funding sources to finance these acquisitions.

If the planned acquisitions fail, alternative investments will be sought in the Education Segment.

Use of Net Offering Proceeds to repay part of the short-term facility

An amount of 100.0 million Saudi Riyals from the Net Offering Proceeds will be used to repay a short-term loan of 100.0 million Saudi Riyals obtained from Banque Saudi Fransi to finance the acquisition of schools, according to the extended agreement dated 31/05/2021G. The guarantees of this loan include:

- Directing the Rights Issue proceeds to the Company's account at Banque Saudi Fransi.
- Mortgaging the new school's ownership title deeds with coverage limits of a minimum of 120% of the financing amount during June 2022G in case the Rights Issue is not completed by June 2022G.

(Please refer to Subsection 9-6 "**Loans and Credit Facilities**" of Section 9 "**Legal Information**".)

It is worth mentioning that:

- On 29/08/2021G, the Company signed a sale and purchase agreement for 60% of the shares of Al Roqi National Schools Company, with a value of 12.8 million Saudi Riyals:
 - Al Roqi National Schools was established in 1425H and is located in the Al-Suwaidi area in Riyadh. It has a branch for girls and a branch for boys, with a capacity of about 2,200 students. The Company plans to expand this school by building a complex for girls and a complex for boys with an expected amount of 36.5 million Saudi Riyals (the Company's share is 60%) to reach the expected capacity after the establishment of the two complexes to about 3,200 to 3,400 students
- On 06/29/2021G, the Company signed a Non-Binding Memorandum of Understanding with the owner of Al Injaz National Schools Company Ltd. to potentially acquire 85% of the ownership stakes of the Al Injaz National Schools Company Limited, upon reaching a final agreement between the two parties.
 - Al Injaz National Schools was established in 2010G and is located in the Makkah region and has a branch for girls and a branch for boys, with a capacity of about 1,500 students.

These acquisitions / expansions will be financed from the proceeds of the loan from Banque Saudi Fransi, and this loan will be repaid before the end of the first half of 2022G.

7- Statement by experts

The Advisors whose names appear on page (F), have given their consents to the inclusion of their names, logos and statements in the form and content included in this Prospectus and have not withdrawn such a consent until the date of this Prospectus. None of such consents have been withdrawn until the date of this Prospectus. Nor do any of them or their employees or any of their relatives have any shares or interest of any kind in the Company or any of its Subsidiaries.

8- Declarations

As of the date of this Prospectus, the Company's Directors declare that:

- 1- Other than what has been mentioned in Subsection 3-9-1 "**Activities of Al Khaleej Training and Education Company**" of Section 3 "**Company's Background and Nature of Business**" there has not been any interruption in the business of the Issuer or any of its subsidiaries which may have or has had a significant effect on the financial position in the last 12 months.
- 2- No commissions, discounts, brokerage or other non-cash compensation have been granted within the three years immediately preceding the application for registration and offer of securities that are subject of this Prospectus in connection with the issue or offer of any securities by the Issuer or any of its subsidiaries.
- 3- There has not been any material adverse change in the financial and trading position of the Issuer or any of its subsidiaries in the three financial years preceding the application for registration and offer of securities that are subject to this Prospectus, in addition to the period from the end of the period covered in the external auditors' report up to and including the date of approval of the Prospectus.
- 4- Other than what has been mentioned in Table 1 "**Company's Board of Directors**" and in Subsection 5-8 "**Balance Sheet**" of Section 5 "**Financial Information and Management Discussion and Analysis**", the Directors do not have any shareholding or interest of any kind in the Company or any of its subsidiaries, and nor does any relative of theirs.
- 5- The Issuer did not keep treasury shares, and the Extraordinary General Assembly did not approve the purchase of the Company's shares.

9- Legal Information

9-1 Company's Introduction

9-1-1 Company's Incorporation

- Al Khaleej Training and Education Company is a public Saudi joint stock Company established under commercial registration no. 1010103367 dated 30/05/1413H (corresponding to 24/11/1992G), issued in Riyadh, and expires on 29/05/1443H (corresponding to 02/01/2022G).
- The Company was initially established in 1992G as a limited liability Company under the name of "Al Khaleej Training and Electronic Industries Company" with a fully paid capital of one million (1,000,000) Saudi Riyals, divided into one thousand (1,000) shares of equal value, the value of each share being one thousand (1,000) Saudi Riyals, and owned by two partners : Al Khaleej Computer and Electronic Equipment Company(80%), equivalent to 800 shares, and Mr. Alwaleed Abdulrazak Saleh AIDryaan (20%), equivalent to 200 shares.
- On 10/06/1418H (corresponding to 11/10/1997G), the partners decided to amend the Bylaws and increase the Company's capital to three million (3,000,000) Saudi Riyals divided into three thousand (3,000) shares of equal value, the value of each share being one thousand (1,000) Saudi Riyals by paying its value in cash, distributed among the partners as follows: Al Khaleej Computer Company(2,400) shares, and Mr. Alwaleed Abdulrazak Saleh AIDryaan (600) shares.
- On 15/09/1424H (corresponding to 10/11/2003G), the Company's name changed to "Al Khaleej Training and Education Company".
- On 10/10/1425H (corresponding to 23/11/2004G), the capital was increased to thirty million (30,000,000) Saudi Riyals by paying its value in cash and the shares were redistributed with the exit of Al Khaleej Computer and Electronic Equipment Company and the entry of a number of partners, namely: Mr. Abdulaziz Rashed AbdulRahman AlRashed (29%), Mr. Ahmad Ali Ahmad AlShadawi (19%), Mr. Abdulaziz Hammad Nasser AlBlaihid (19%), Mr. Ahmed Muhammad Salem AlSari (12%) and Al Khaleej Holding Company(4%), while ownership of Mr. Alwaleed Abdulrazak Saleh AIDryaan decreased to 17%.
- On 25/11/1427H (corresponding to 16/12/2006G), the legal entity of the Company was converted from a limited liability Company to a closed joint stock and its capital was increased to eighty million (80,000,000) Saudi Riyals, divided into eight million (8,000,000) shares with a nominal value of ten (10) Saudi Riyals per share, by transferring part of the retained earnings and keeping the ownership structure and percentages unchanged.
- On 30/11/1428H (corresponding to 10/12/2007G), the Company's shares amounting to eight million (8,000,000) ordinary shares were listed on the Saudi Exchange, where the Company offered two million four hundred thousand (2,400,000) ordinary shares by selling 30% of the Company's shares to the Public, and the Company was converted from a closed joint stock company to a public joint stock company. The Company had back then obtained the approval of the Capital Market Authority to the offering, and the prospectus was published on 29/10/2007G. The substantial shareholders ownership became as follows:
 - 1- Mr. Abdulaziz Rashed AbdulRahman AlRashed: owning 1,624,000 shares - 20.3%.
 - 2- Mr. Ahmad Ali Ahmad AlShadawi: owning 1,064,000 shares - 13.3%.
 - 3- Mr. Abdulaziz Hammad Nasser AlBlaihid: owning 1,064,000 shares - 13.3%.
 - 4- Mr. Alwaleed Abdulrazak Saleh AIDryaan: owning 952,000 shares - 11.9%.
 - 5- Mr. Mr. Ahmed Muhammad Salem AlSari: owning 672,000 shares - 8.4%.
- The Lock-up period imposed on the substantial shareholders ended in June 2008G. As of 16/09/2021G, the number of substantial shareholders was (2), namely:
 - 1- Mr. Alwaleed Abdulrazak Saleh AIDryaan: owning (directly) 3,678,478 shares - 8.174%.
 - 2- Mr. Abdulaziz Hammad Nasser AlBlaihid: owning (directly and indirectly) 2,250,964 shares – 5.002%.

9-1-2 Amendment of Capital

Article (7) of the Bylaws concerning the Company's capital has been amended several times as follows:

- On 14/09/1429H (corresponding to 14/09/2008G), the extraordinary general assembly approved the Company's capital increase to one hundred million (100,000,000) Saudi Riyals, divided into ten million (10,000,000) shares, by capitalizing twenty million (20,000,000) Saudi Riyals from the retained earnings with this grant being limited to registered shareholders at the end of the trading of the extraordinary general assembly.
- On 08/04/1430H (corresponding to 04/04/2009G) the extraordinary general assembly approved the Company's capital increase to one hundred and fifty million (150,000,000) Saudi Riyals, divided into fifteen million (15,000,000) shares, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings with this grant being limited to registered shareholders at the end of the trading of the extraordinary general assembly.
- On 12/05/1432H (corresponding to 16/04/2011G) the extraordinary general assembly approved the Company's capital increase to two hundred million (200,000,000) Saudi Riyals, divided into twenty million (20,000,000) shares, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings with this grant being limited to registered shareholders at the end of the trading of the extraordinary general assembly.
- On 18/05/1433H (corresponding to 10/04/2012G) the extraordinary general assembly approved the Company's capital increase to two hundred and fifty million (250,000,000) Saudi Riyals, divided into twenty-five million (25,000,000) shares, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings with this grant being limited to registered shareholders at the end of the trading of the extraordinary general assembly.
- On 29/05/1434H (corresponding to 10/04/2013G) the extraordinary general assembly approved the Company's capital increase to three hundred million (300,000,000) Saudi Riyals divided into thirty million (30,000,000) shares, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings.
- On 15/06/1435H (corresponding to 15/04/2014G) the extraordinary general assembly approved the Company's capital increase to three hundred and fifty million (350,000,000) Saudi Riyals, divided into thirty-five million (35,000,000) shares, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings.
- On 02/07/1436H (corresponding to 21/04/2015G), the extraordinary general assembly approved the Company's capital increase to four hundred million (400,000,000) Saudi Riyals divided into forty million (40,000,000) shares, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings.
- On 08/08/1439H (corresponding to 24/04/2018G) the extraordinary general assembly approved the Company's capital increase to four hundred and fifty million (450,000,000) Saudi Riyals, divided into forty-five million (45,000,000) shares, by capitalizing fifty million (50,000,000) Saudi Riyals from the retained earnings.
- On 17/08/1442H (corresponding to 30/03/2021G), the Board of Directors recommended to the Extraordinary General Assembly to increase the Company's capital by two hundred million (200,000,000) Saudi Riyals bringing the Company's capital to six hundred and fifty million (650,000,000) Saudi Riyals by way of rights issue, conditional on the Company's obtaining competent authorities approvals (Capital Market Authority, Saudi Exchange, Ministry of Commerce and the shareholders in the Extraordinary General Assembly. The approval of the Extraordinary General Assembly must be obtained within six (6) months from the date of the Authority's approval, and if the Company is unable to obtain the approval of the Extraordinary General Assembly during that period, the Authority's approval shall be considered void.
- On 23/02/1443H (corresponding to 30/09/2021G) the Capital Market Authority approved the company's request for the Capital Increase, and on 05/12/1442H (corresponding to 15/07/2021G) the approval of the Saudi Exchange was issued. The Capital Increase was approved by a resolution of the Extraordinary General Assembly dated 14/08/2021H (corresponding to 14/08/2021G).

9-1-3 Amendment of the Bylaws

In addition to the amendments to the capital, the Company's Bylaws were amended more than once as follows:

- On 08/04/1434H (corresponding to 18/02/2013G), the extraordinary general assembly approved the amendment of Article (4) of the Company's Bylaws related to the Company's purposes by adding the following activities (obtaining commercial agencies, operating public facilities, recruitment, establishing and managing shops and cafés, and import of coffee and coffee products).
- On 19/07/1438H (corresponding to 16/04/2017G), the extraordinary general assembly approved the amendment of the Bylaws in line with the new Companies Law.
- On 04/03/1439H (corresponding to 22/12/2017G), the extraordinary general assembly approved the amendment of Article (3) of the Company's Bylaws by adding some new activities such as: employment of manpower, operation of health facilities, establishment and management of strategic partnerships institutes.
- On 23/08/1440H (corresponding to 28/04/2019G), the extraordinary general assembly agreed to update some articles of the Bylaws to conform with the new Companies Law, and was audited and approved by the Ministry of Commerce (Corporate Governance Department) on 21/10/1440H (corresponding to 24/06/2019G). In addition, the extraordinary general assembly approved the amendment of Article (3) of the Company's Bylaws by adding some new activities, including: teaching foreign languages, educational programs and other consultancy in business, administrative services, planning, administrative information, public relations, managing social networking sites and providing e-marketing services.

The Company is compliant with the requirements of the Capital Market Authority and the Saudi Exchange in terms of publishing a copy of the Bylaws on the Company's page on the Saudi Exchange website.

9-1-4 Amendment of Company's Name

On 15/09/1424H (corresponding to 10/11/2003G), the Company's name was changed from "Al Khaleej Training and Electronic Industries Company" to "Al Khaleej Training and Education Company".

9-1-5 Company's Duration

Article (6) of the Bylaws stipulates that the term of the Company shall be ninety-nine (99) Gregorian years starting from the date of the issuance of the decision of His Excellency the Minister of Commerce announcing the conversion of the Company. The duration of the Company may always be extended by an extraordinary general assembly decision at least one year before the expiry of its term.

As per the Commercial Registration, the Company's term expires on 16/08/1544H (corresponding to 16/03/2120G).

9-1-6 Board of Directors and Committees

In compliance with Article (17) of the Bylaws, the Company is managed by a Board of Directors consisting of eight (8) members elected by the ordinary general assembly for a period not exceeding three (3) years.

9-1-6-1 Formation of the Board of Directors as of the date of the Prospectus

On 06/05/1442H (corresponding to 21/12/2020G), the ordinary general assembly elected the following members of the Board of Directors for a new term of three (3) years, starting from 12/02/2021G and ending on 11/02/2024G.

Table 39: Company's Board of Directors elected by the ordinary general assembly on 21/12/2020G

Name	Position	Represented side	Nationality	Age	Membership status	Shares owned *		
						Direct	Indirect	%
Abdulaziz Hammad Nasser AlBlaihid**	Chairman	In his personal capacity	Saudi	82	Non-Indep /Non-exec	2,250,000	964	5.0021%
Abdulaziz Rashed AbdulRahman AlRashed***	Vice-Chairman	In his personal capacity	Saudi	77	Non-Indep /Non-exec	1,801,284	348,964	4.7783%
Alwaleed Abdulrazak Saleh AlDryaan	Managing Director	In his personal capacity	Saudi	62	Non-Indep /Executive	3,678,478	-	8.1744%
Ahmad Ali Ahmad AlShadawi****	Member of the Board of Directors	In his personal capacity	Saudi	81	Non-Indep /Non-exec	123,595	964	0.2768%
Ali Abdulkhaleq AbdulRahman AlQarni	Member of the Board of Directors	In his personal capacity	Saudi	68	Independent /Non-exec	100	-	0.0002%
Abdullah Saghir Muhammad AlHusseini	Member of the Board of Directors	In his personal capacity	Saudi	55	Independent /Non-exec	1	-	0.000002%
AbdulMalik AbdulRahman Abdullah AlSheikh	Member of the Board of Directors	In his personal capacity	Saudi	55	Independent /Non-exec	100	-	0.0002%
Abdullah Muhammad Suleiman Jibreen	Member of the Board of Directors	In his personal capacity	Saudi	62	Independent /Non-exec	1,000	-	0.0022%

Source: The Company

* As of 16/09/2021G

** The indirect ownership of Mr. Abdulaziz Hammad Nasser AlBlaihid results from his 25.0% ownership in Al Khaleej Limited Company which owns 0.0086% of Al Khaleej Training and Education Company shares.

*** The indirect ownership of Mr. Abdulaziz Rashed AbdulRahman AlRashed from (1) his 25.0% ownership in Al Khaleej Limited Company which owns 0.0086% of Al Khaleej Training and Education Company shares and (2) his 20.0% ownership in Rashed AbdulRahman AlRashed and Sons Company which owns 3.87% of Al Khaleej Training and Education Company shares.

**** The indirect ownership of Mr. Ahmad Ali Ahmad AlShadawi results from his 25.0% ownership in Al Khaleej Limited Company which owns 0.0086% of Al Khaleej Training and Education Company shares.

The Company abides by the Companies Law and the Corporate Governance Regulations as the number of the members of the Board of Directors is not less than three (3) and not more than eleven (11) members. The Company also abides by the provisions of Article (16) of the Corporate Governance Regulations as the majority of the members of the Board of Directors are non-executive and the number of independent members is not less than two members or one third of the members (whichever is more). Half of the Company's Board of Directors is independent.

9-1-6-2 Assignment to Mandatory Positions (Chairman, Vice Chairman and Secretary)

In compliance with article (22) of the Company's Bylaws, the Board of Directors shall appoint from among its members; a chairman and a vice chairman, they may appoint a managing director, and it is not permissible to combine the position of the chairman of the board of directors with any other executive position in the Company. The Company complies with the Bylaws and the Corporate Governance manual in terms of mandatory appointment in these positions and the Board of Directors has approved the appointment to these positions according to the following:

Table 40: Date of Appointment Decisions (Chairman, Vice President, Secretary)

Position	Date of Board's Appointment Decision	Name of Appointed Person
Chairman	22/07/1442H corresponding to 14/02/2021G	Abdulaziz Hammad Nasser AlBlaihid
Vice Chairman	22/07/1442H corresponding to 14/02/2021G	Abdulaziz Rashed Abdulrahman AlRashed
Managing Director/CEO	22/07/1442H corresponding to 14/02/2021G	Alwaleed Abdulrazak Saleh AlDryaan
Secretary	22/07/1442H corresponding to 14/02/2021G	Adel Amin Othman*

Source: The Company

* The appointment of the Board's Secretary was renewed by the Board's decision issued on 14/02/2021G and is linked to a work contract with the Company under the position of legal advisor since 22/06/2014G. His remuneration, along with the remuneration of members of the Board and Committees, was determined according to the decision of the Board of Directors issued on 30/03/2021G.

9-1-6-3 Board Remunerations

- Article twenty-one (21) of the Bylaws stipulates that the remuneration of the Board of Directors shall consist of the percentage stipulated in clause five (5) of Article forty seven (47) of the Company's Bylaws and within the limits stipulated in the Companies Law and its regulations so that it is permissible, in the event that the Company achieves profits, allocating a percentage not exceeding (10%) to remunerate the Board of Directors, provided that the total amount received by a member of the Board of Directors of remunerations and financial or in-kind benefits does not exceed five hundred thousand (500,000) Saudi Riyals, provided that the entitlement to this remuneration is proportional to the number of sessions the member attends, and any contradictory assessment is void.
- The bonuses, allowances and compensation allocated to the members of the Board for the financial year ending on 31/12/2019G reached an amount of about (900,000) Saudi Riyals, and the bonuses, allowances and compensation allocated to the members of the Board for the financial year ending on 31/12/2020G was (996,000) Saudi Riyals.
- Except for the Managing Directors who receives a monthly salary, none of the members has an agreement or contract of services or consultations with the Company and they do not receive wages or other incentives from the Company except for their remuneration for their membership in the Board.

9-1-6-4 Board Meetings

- According to Article (23) of the Bylaws, the Board of Directors meets at least (twice) a year at the invitation of its Chairman; the invitation shall be in writing, it may be delivered by hand, sent by post, fax or e-mail (15) days before the date set for the meeting. The Chairman of the Board must call for a meeting whenever requested by two of the members.
- The Company is in compliance with the provisions of the Bylaws in terms of the annual minimum number of board meetings. The Board achieved the minimum number of meetings during the year 2019G, where they held (4) meetings in attendance and (1) by telephone. During 2020G, the Board held (5) telephone meetings / through modern technology means and took (2) resolutions by circulation.

9-1-6-5 Board Committees

The Board of Directors has (3) Committees that assist the Board in performing its duties as follows:

Audit Committee: The Audit Committee shall consist of four (4) members. On 06/05/1442H (corresponding to 21/12/2020G), the ordinary general assembly approved the formation of the members of the Audit Committee, who are:

- 1- Mr. Abdullah Saghir Muhammad AlHusseini (Chairman of Committee – member of the Board)
- 2- Mr. Ahmad Ali Ahmad AlShadawi (Committee member - member of the Board)
- 3- Mr. Omar Abdulaziz Hammad AlBlaihid (Committee member – not a member of the Board)
- 4- Mr. Lotfi Qassem Ahmed Shehadeh (Committee member – not a member of the Board)

Accordance to Article (57) of the Corporate Governance Regulations and Article eight (8) of the Company's Audit Committee framework; the Audit Committee meets periodically, provided that its meetings are not less than four meetings during the Company's fiscal year.

Table 41: Number of Audit Committee Meetings during the years 2018G, 2019G and 2020G

Audit Committee	2018G	2019G	2020G
	4	4	5

Source: The Company

Remuneration and Nomination Committee: Nominations and Remunerations Committee is composed of three (3) members. The members of the Nominations and Remunerations Committee were appointed by the Board of Directors on 02/07/1442H (corresponding to 14/02/2021G) and expires at the end of the current Board session on 01/08/1445H (corresponding to 11/02/2024G), it consists of the following members:

- 1- Mr. Abdulaziz Rashed AbdulRahman AlRashed (Chairman of the Committee - member of the Board)
- 1- Mr. AbdulMalik AbdulRahman Abdullah AlSheikh (Committee member - member of the Board)
- 2- Mr. Abdullah Muhammad Suleiman Jibreen (Committee member - member of the Board)

Nominations and Remunerations Committee holds its meetings periodically and whenever necessary, provided that there are not less than two meetings during one fiscal year, and the committee submits its reports to the Board.

Table 42: Number of Nomination and Remuneration Committee Meetings during the years 2018G, 2019G and 2020G

Nomination and Remuneration Committee	2018G	2019G	2020G
	2	2	2

Source: The Company

Corporate Governance and Social Responsibility Committee: Corporate Governance and Social Responsibility Committee is composed of three (3) members. The members were appointed by the Board of Directors on 02/07/1442H (corresponding to 14/02/2021G), it consists of the following members:

- 1- Mr. Ali Abdulkhaleq AbdulRahman AlQarni (Chairman of the Committee - member of the Board)
 - 2- Mr. Abdulaziz Rashed AbdulRahman AlRashed (Committee member - member of the Board)
 - 3- Mr. Abdullah Saghir Muhammad AlHusseini (Committee member - member of the Board)
- The committee is newly established and held only one meeting on 24/03/2021G.
 - The internal framework was put in place and approved by the Board of Directors on 24/03/2021G.

It is worth mentioning that the Company is compliant with the Corporate Governance Regulations regarding the formation of the board committees and the adoption of the necessary internal regulations and policies and their implementation (for more details about the Company's compliance with the Corporate Governance Regulations, please refer to Subsection 9-3-8 "Continuing obligations as per the CMA requirements" of this Section).

9-1-7 Senior Executives

The table below shows the name and details of the Senior Executives as of the date of this Prospectus.

Table 43: Senior Executives

Name	Position	Nationality	Age	Date of appointment	Shares Owned*		
					Directly	Indirect	Percentage
Alwaleed Abdulrazak AlDryaan	Managing Director & CEO	Saudi	62	08/01/1991G	3,678,478	-	8.1744%
Sherif Esmat Hussein	Chief Financial Officer	Egyptian	52	01/03/2021G	-	-	0.0000%
Hatem Abdulrazak AlDryaan	Deputy CEO	Saudi	54	03/11/1997G	-	-	0.0000%
Saeed Khaled AlGhamdi	Senior Vice President Education Segment	Saudi	53	06/12/2010G	-	-	0.0000%
Ismail Ahmed Al Hussein	Senior Vice President Training Segment	Saudi	51	08/01/1997G	-	-	0.0000%
Mohamed Mahmoud Al-Khatib	Senior Vice President Call Centers Segment	Syrian	44	16/11/2006G	-	-	0.0000%

Source: The Company

* As of 16/09/2021G

9-1-8 Remuneration of Directors and Senior Executives

The table below shows the remuneration of the Directors and Senior Executives.

Table 44: Senior Executives

(Thousands of Riyals)	Financial year ended December 31		
	2018G	2019G	2020G
Board of Directors	982.4	1,002.4	1,996.0
Top Five Senior Executives	12,448.7	12,390.2	9,515.8
Total	13,431.1	13,392.6	11,511.8

Source: The Company

9-1-9 Company's Purposes

– According to Article (3) of the Company's Bylaws, the Company may conduct the following activities:

- 1- Training in the field of electronics, information technology, and all kinds of training.
- 2- English language teaching and other educational programs.
- 3- Holding training courses in the field of public administration, marketing, management, accounting, social and other courses.
- 4- Maintenance and operation
- 5- Establishing and managing national and foreign schools for all educational levels.
- 6- Development, manufacture, operation and maintenance of electronics, installation of networks, infrastructure, computer software, technical support and all other related works.
- 7- Establishing and managing call centers, technical support, e-business, third-party marketing and telemarketing.
- 8- Providing development and operational solutions for customer services and technical support in handling complaints.

- 9- Owning lands in favor of the Company to establish projects related to the Company's business (schools, educational centers, institutes and sport clubs).
 - 10- Obtaining commercial agencies, operating and managing public facilities and local employment offices.
 - 11- Establishing and managing coffee shops, cafeterias, and importing coffee and coffee products.
 - 12- Establishing and managing sport institutes, centers and clubs.
 - 13- Operating school transportation
 - 14- Establishing and managing women's centers and beauty salons.
 - 15- Employment of workforce.
 - 16- Operating health facilities
 - 17- Establishing and managing franchise centers partnerships.
 - 18- Consulting services in business administration, planning and management information.
 - 19- Public relations, social media management, and e-marketing services.
- According to the Company's Commercial Registration certificate, the Company's activities include: integrated administrative services for offices, operating independent schools, primary education with a global curriculum, operating independent schools, intermediate education with an international curriculum, operating independent schools secondary education with an international curriculum, training institutes, institutes for teaching languages and speaking skills, information technology training.
 - By a decision of the Chairman of the Board of Directors; the Company may establish branches, offices or agencies either inside or outside the Kingdom. As of the date of publishing this Prospectus, the Company has established (42) branches distributed across the kingdom's regions, among which (6) branches are under delisting and all registration procedures with the concerned authorities have been completed.
 - In addition, the Company may solely establish limited liability or closed joint stock companies as long as the paid-up capital is not less than five million (5,000,000) Saudi Riyals. It may also participate in any possible way with other bodies and companies that carry-out similar activities or that may help them achieve their objectives. It may also own shares and stakes in other existing companies, merge with them, buy them or trade in them either inside or outside the Kingdom, as well as having the right to participate with others in establishing joint stock or limited liability companies upon complying with the requirements set forth by the prevailing rules and regulations. The Company may also dispose of these shares or stakes provided that this does not include brokerage in their trading. As of the date of this Prospectus publication, the Company does not have subsidiaries inside the kingdom of Saudi Arabia, but it owns controlling shares in (7) subsidiaries outside the Kingdom of Saudi Arabia and one sister / associate Company in which it owns less than 30%, which is the American company New Horizons, in which the Company owns 14.7 % of its shares.
 - The Company conducts its activities through its headquarter, branches and subsidiaries and its main activities are:
 - 1- Education Segment
 - 2- Training Segment
 - 3- Call Center Segment
 - The Company conducts its activities according to applicable regulations and after obtaining all necessary licenses from the competent authorities (for more details, please refer to Subsection 9-2 "**Certificates, Approvals and Governmental Licenses obtained by the Company**" from this Section).

9-2 Certificates, Approvals and Governmental Licenses obtained by the Company

The Company and its Subsidiaries have obtained several legal, operational licenses and certificates from competent authorities. These licenses and certificates are renewed periodically. The following tables show certificates, approvals and licenses obtained by the company:

9-2-1 Certificates, Approvals and Licenses related to the main registration

Table 45: Approvals and licenses obtained by Company

Approvals & Licenses obtained by Company							
License Type	Purpose	License Holder	License No.	Issuance / Renewal Date	Expiry Date	Issuer	Notes
Commercial Registration	Registering Company in company's commercial registry	Al Khaleej Training and Education Company	1010103367	30\05\1413H 24\11\1992G	29\05\1443H 02\01\2022G	Ministry of Commerce Riyadh Commercial Registry Office	Address / Riyadh - Olaya District, behind Jarir Bookstore
Chamber of Commerce and Industry membership certificate	Compliance with the provisions of the commercial registry Company obtained membership certificate	Al Khaleej Training and Education Company	49129	07\09\1413H 28\02\1993G	29\05\1443H 02\01\2022G	Riyadh Chamber of Commerce & Industry	Membership Class: (first)
Zakat Certificate	To enable the Company to deal with all governmental administrations and finish its transaction with them	Al Khaleej Training and Education Company	300433786	19\09\1443H 30\04\2021G	19\09\1443H 30\04\2022G	General Authority of Zakat & Income	Tax payer's branches: all the company's branches, including institutes and schools
VAT registration certificate	To indicate that the Company is registered with value added tax		3000433786	06\05\1440H 13\01\2019G	Issued once	Zakat, Tax & Customs Authority	Tax group members: 14 branches
Company Entity Appraisal Certificate	Evaluation of the company's entity according to Nitaqat program, which indicates that the Company is within the scope. (large)	Al Khaleej Training and Education Company	35475-1	undefined	undefined	Electronic Services Department \ Ministry of Human Resources	
Saudization Certificate	To indicate that the Company is committed to the required Saudization\ naturalization percentage according to Nitaqat program	Al Khaleej Training and Education Company	2000215000204	20\09\1442H 02\05\2021G	23\12\1442H 02\08\2021G	Ministry of Human Resources and Social Development	
Social Insurance Certificate	company's commitment to regulations of General Organization for Social Insurance	Al Khaleej Training and Education Company	38498134	20\09\1442H 02\05\2021G	23\12\1442H 02\08\2021G	General Organization for Social Insurance	
Contractors Classification Certificate (first class)	Evaluating the contractor's financial, technical, administrative and operational capabilities; To be put in the appropriate field and degree.	Al Khaleej Training and Education Company	22449	30\05\1413H 24\11\1992G	16\10\1444H 06\05\2023G	Ministry of Municipal and Rural Affairs	Classification field: Information Technology Maintenance and Operation of electronic businesses

Source: The Company

9-2-2 Certificates, Approvals and Licenses related to sub-registration of the Company

Al Khaleej Training and Education Company consists of three main segments covering its institutes and educational centers in various regions of the Kingdom, which are: Training Segment, Education Segment, and Call Center Segment. The following are details about the Company's branches inside the Kingdom, according to each sector:

9-2-2-1 Education Segment

Rowad Al Khaleej International Schools: The Company has a chain of schools that includes Rowad Al Khaleej International Schools, Rowad Al Khaleej National Schools, and Baraem Rowad Al Khaleej International Schools. The first school was opened in 2010G in the city of Dammam. These schools provide educational opportunities for Saudi and international male and female students of the Kingdom of Saudi Arabia. It has (7) branches within the Kingdom of Saudi Arabia in four main cities Dammam, Jeddah, Dhahran, and Riyadh. The following is an overview of those branches:

Table 46: Rowad Al Khaleej International Schools Branches

	Branch Name	Branch Address	Activity according to commercial registration	Commercial Registration Certificate	Chamber of Commerce and Industry Membership Certificate	Branch Manager (Company's Employees according to payroll sheet)
1	Rowad Al Khaleej International Schools Boys - Girls	Dammam - Al Shati District	Establishing, setting up and managing foreign schools for all educational levels (Girls), and teaching American curriculum (Boys)	2050072673	118679	Dr. Khaled Al-Suhaim
2	Rowad Al Khaleej National Schools (Girls)	Dammam - Al Hamra District	Primary, Intermediate and Secondary education for female students with a national curriculum.	2050065522	129993	Dr. Khaled Al-Suhaim
3	Rowad Al Khaleej International Schools (Boys-Girls)	Jeddah - Al Shiraa District	Teaching American Curriculum (Kindergarten - Primary)	4030298941	374074	Dr. Khaled Al-Suhaim
4	Rowad Al Khaleej International Schools (Boys-Girls)	Riyadh - Al Mughrizat District	Teaching American Curriculum, Kindergarten, Primary, Intermediate (Girls)	1010313248	346384	Dr. Khaled Al-Suhaim
Kindergarten						
5	Baraem Rowad Al Khaleej International Schools	Riyadh - Al-Sahafa District	Teaching American curriculum Kindergarten (girls)	1010373935	364475	Dr. Khaled Al-Suhaim
6	Baraem Rowad Al Khaleej International Schools*	Riyadh - Al-Malqa District	Schools establishing	1010468531	No membership	Dr. Khaled Al-Suhaim
7	Baraem Rowad Al Khaleej Schools	Dhahran - Al Dana District	Pre-school education Kindergarten with a national curriculum, operation of independent schools, intermediate education for students with a national curriculum	2051060277	197040	Dr. Khaled Al-Suhaim

Source: The Company

* It was discontinued in the first quarter of 2020G.

** Shaded commercial registrations are expired and not renewed.

9-2-2-2 Training Segment

Table 47: Training centers branches

Training Institutes						
	Branch Name	Branch Address	Activity	Commercial Registration Certificate	Chamber of Commerce and Industry Membership Certificate	Branch Manager (Company's Employees according to payroll sheet)
1	Al Khaleej Institute for English Language Teaching	Riyadh - As-Suwaidi District	English Language Teaching	1010439960	539033	Khaled Abdul Rahman Suleiman Al Hussein
2	Al Khaleej International Women's Training Institute	Riyadh - As-Suwaidi District	Computer & Peripherals Training	1010418073	557639	Khadija Ali Ahmed Al-Rimi
3	Al Khaleej International Women's Training Institute	Riyadh - Al-Mughrizat District Al-Nuzha	Computer & Peripherals Training	1010418220	569680	Samira Saleh Marzouq Al-Drayan
4	Al Khaleej International Training Institute	Riyadh - King Abdullah Al-Fursan District	Computer Training	1010430266	346385	Maadi Ali Abdullah Al-Qahtani
5	Al Khaleej Institute	Riyadh - Al-Quds District	Teaching English (Boys)	1010442273	343642	Abdullah Saleh Al-Fuhaid
6	Al Khaleej Recruitment Company	Riyadh - Al-Morouj District	Mediation in employment of Saudis	1010690019	623479	Abdulaziz Abdul Rahman Abdulaziz Al Mubarak
7	Al Khaleej International Training Institute (men)	Qassim - Buraydah - Al Muntazah Al Sharqi District	Training and Education	1131036242	601011115746	Hani Ibrahim Saeed Al-Ghamdi
8	Al Khaleej International Training Institute (women)	Qassim - Buraydah - Al Muntazah Al Sharqi District	Training and Education	1131036242	601011115746	-
9	Al Khaleej International Women's Training Institute	Khamis Mushait - Dhahban, Al-Nozha Distirct, Military City Road	Institutes for teaching languages and conversation skills, Computer & Peripherals Training	5855026677	701001122079	Hani Ibrahim Saeed Al-Jubran Al-Ghamdi
10	Al Khaleej International Training Institute (Boys & Girls)	Jeddah - Al-Rawdah District	Computer & Peripherals Training	4030122203	66332	Hatem Abdul Razzaq Saleh AlDryaan
11	Al Khaleej International Training Institute	Jeddah - Al-Rawdah District, Abdullah Balkhair Street	International Training Institutes - Languages and Conversational Skills Institutes - Computer Training	4030280772	-	Nora Abdul-Razzaq Saleh AlDryaan
12	Al Khaleej International Training Institute (Men-Women)	Makkah Al-Mukarramah - Al-Aziziyah District	Computer Training	4031090192	201201117227	Abeer Bint Muhammad Bin Abdullah Al-Sumairi

Training Institutes						
	Branch Name	Branch Address	Activity	Commercial Registration Certificate	Chamber of Commerce and Industry Membership Certificate	Branch Manager (Company's Employees according to payroll sheet)
13	Al Khaleej International Training Institute	Makkah Al-Mukarramah - Al-Nazaha District Al-Noor Complex	Training on maintaining and repairing of computers, computers & peripherals Training\ Training institutes	431038762	201177722	Ismail Ahmed Ismail Al Hussein
14	Al Khaleej International Women's Training Institute	Abha - Al-Morouj District, Al-Minsk	Institutes for teaching languages and conversation skills, Computer & Peripherals Training	5850122851	701011113087	Khaled Abdul Razzaq Saleh AIDryaan
15	Al Khaleej International Training Institute (men)	Abha - Al-Safa District Al-Rashed Mall	Computer & Peripherals Training	5850036806	701001168003	Emad Omar Mohamed Madkhali
16	Al Khaleej International Training Institute (men)	Medina - Al-Fath district	Training Institutes	4650036870	203001123566	Mohammed Mohsen Mubarak Al-Ghamdi
17	Al Khaleej International Women's Training Institute	Al-Madinah Al-Munawwarah - Al-Arid District (Alqiblatayn)	English Language Institute	4650073903	203011134142	Eman Abdullah Muhammad Abu Al-Nasr
18	Al Khaleej International Women's Training Institute	Al-Khobar - Qurtubah District - Al-Raknah District	Computer Technology\ Computer Network Technology\ Data Entry\ Word Processing\ Administrative, Financial fields, and Self-Development	2051057228	282461	Hala Bint Kadhim Bin Radi Al-Jazer
19	Naval Training Institute	Dammam - Qurtubah District	Training & Education	NA**	-	-
20	Al Khaleej Women's Training Institute	Al-Ahsa - Al-Mubarraz District	Computer Training	2252027144	302001111373	Alwaleed Abdulrazak Saleh AIDryaan
21	Al Khaleej Institute for English Language Teaching	Hail - Al Buhaira District	Languages and Conversational Skills Institute	33500444643	402001153278	Ayad Suleiman Eid Al-Anaizi

Women's Beauty Salons & Centers: *						
1- Spectrum Wellness for Women Center. 2- Vogue Salon						
	Branch Name	Branch Address	Activity	Commercial Registration Certificate	Chamber of Commerce and Industry Membership Certificate	Branch Manager (Company's Employees according to payroll sheet)
1	Spectrum Sports & Wellness Center	Riyadh - Qurtubah District, Khalid bin Alwaleed Street	Women's gyms & Sport Centers	1010461047	396113	Tracy Lynn Ray Carson
2	Vogue Beauty for Beauty Treatment	Riyad Qurtubah District	Women Salons	1010443889	-	Tracy Lynn Ray Carson
3	Spectrum Wellness and Beauty Vogue Center	Altakhasusi	Women Salons	NA	-	-
4	Spectrum Sports & Wellness Center	Riyadh – Olaya	Women's gyms & Sport Centers	1010167124	-	Alwaleed Abdulrazak Saleh AIDryaan
5	Vogue Beauty Salons for Beauty Treatment	Riyadh – Olaya	Women Salons	1010361382	338301	Tracy Lynn Ray Carson
6	Spectrum Sports & Wellness Center	Alkhobar - Alaqrabia	Women's gyms & Sport Centers	2051056443	-	Tracy Lynn Ray Carson
7	Vogue Beauty Salons for Beauty Treatment	Alkhobar - Alaqrabia	Women Salons	2051050280	227935	Tracy Lynn Ray Carson

Source: The Company

* Al Khaleej Training and Education Company has a sole proprietorship that operates women's sports centers with commercial registration No. (1010167124), which is registered in the name of Mrs. Tracy Lynn Ray Carsen, according to her employment contract with the Company as a regional manager. This corporation has (5) branches inside the Kingdom where activities of "women's salons and sports centers" are conducted.

** During October 2018G, Ministry of Commerce issued a circular to all governmental agencies to deal with a single commercial registry for a single administrative region, meaning that it is not required to issue (sub-registers) and (a subscription certificate in the Chamber of Commerce) for commercial establishments that engage in the same commercial activities and with the same administrative region, so that one record of homogeneous activities in one administrative region is sufficient.

*** Shaded Commercial Registrations are expired and not renewed.

9-2-2-3 Call Center Segment

Smart Link is one of the Company's branches that provides comprehensive solutions for integrated call center services (including in-house services and out-source services on behalf of the client). Smart Link services also include providing manpower and human resources in various specializations. The Company obtained the necessary governmental licenses to open branches issued by the Ministry of Municipal and Rural Affairs, in addition to a license to "provide communication services" issued by the Communications and Information Technology Commission No. (13-37-80) on 13/06/1437H (corresponding to 22/03/2016G). It is valid until 12/06/1443H (corresponding to 15/01/2022G).

Table 48: Call Center Branches

	Branch Name	District	Activity	Commercial Registration Certificate	Chamber of Commerce and Industry Membership Certificate	Branch Manager (Company's Employees according to payroll sheet)
1	Al Khaleej Training and Education Company	Riyadh - Al-Ghadeer District	Operating Systems & Call Centers	1010369937	504808	Alwaleed Abdulrazak Saleh AlDryaan
2	Al Khaleej Training and Education Company	Riyadh - Al-Morouj District	Mediation in employment of Saudis	1010690019	504808	Abdulaziz Abdul Rahman Abdulaziz Al Mubarak
3	Smart Link	Riyadh - Al-Nahda District, Al-Morouj 2	Operating Systems & Call Centers	1010369937	504808	Alwaleed Abdulrazak Saleh AlDryaan
4	Al Khaleej Training and Education Company	Riyadh Al-Olaya	Operating Systems & Call Center Service Provision	1010369937	504808	Alwaleed Abdulrazak Saleh AlDryaan
5	Smart Link	Dammam - Saihat	Operating Systems & Call Centers	1010369937	504808	Alwaleed Abdulrazak Saleh AlDryaan
Warehouses						
1	Al Khaleej Training and Education Company	Twaiq	Warehouse	NA	---	

Source: The Company

* Municipality license is used to open and operate the warehouse. It is not required to issue (sub-registers) or (a certificate of participation in Chamber of Commerce) for commercial establishments that carry out the same commercial activities and in the same administrative region, so that one record of homogeneous activities in one administrative region is sufficient.

9-3 Continuing obligations as per the statutory requirements imposed by governmental entities on the Company as a “license holder”

Regulatory authorities below oblige the Company to comply with some essential requirements as follows:

9-3-1 Continuing obligations as per the Ministry of Commerce requirements

- The Company and its branches are compliant with the commercial registry regulation in terms of registration with Commercial Registry Department in the city of Riyadh, where the new headquarter is located and under Commercial Registration Certificate No. (1010103367) issued in Riyadh on 30/05/1413H (corresponding to 24/11/1992G) and expires on 29/05/1443H (corresponding to 02/01/2022G). The Company has not yet renewed some of its commercial registrations related to its branches, as it was found that there are (8) expired commercial registrations. There is no penalty for not renewing commercial registrations, but a renewal fee will be charged for each year that have passed without renewing them. It was found that work is currently underway to cancel these commercial registrations.
- The Company is compliant with the Companies Law and the Company's Bylaws has been prepared in line with the new amendments made to the Companies Law, after obtaining approval of the Ministry of Commerce on the proposed draft Bylaws and it was approved by the shareholders during the extraordinary general assembly on 23/08/1440H (corresponding to 28/04/2019G).
- The Company and its branches are also committed to the commercial registry regulation in terms of obtaining a membership certificate in Chamber of Commerce and Industry for the headquarters under Certificate No. (49129) issued on 07/09/1413H (corresponding to 28/02/1993G) and expires on 29/05/1443H (corresponding to 02/01/2022G).
- The Company has registered a number of trademarks that they rely on as a trademark for its business. As on date of this Prospectus, 19 trademarks were registered, including (6) trademarks that were registered under franchise agreements with foreign companies (for more details on trademark registration certificates, please refer to Subsection 9-8 “**Trademarks**” of this Section).
- The Company is compliant with the commercial registry regulation in terms of reversing any amendment to commercial registry data within a period of 30 days from occurrence of amendment, as commercial registry data has been updated in terms of names of members of board of directors, according to what is stated in this Prospectus.
- The Company has registered its website (www.alkhaleej.com.sa) with the Communications and Information Technology Commission, in order to preserve its ownership rights to the website and prevent others from using a similar or website.
- The Company is compliant with clause fifteen (15) of the Companies Law, which requires showing the Company's capital on its official paper and all other documents it uses with others, and reversing any amendments occur to its capital.
- Franchise regulation issued by Royal Decree No. (122) on 09/02/1441H (corresponding to 08/10/2019G) and its implementing regulations oblige each franchisor to register franchise agreement and franchise disclosure document (FDD) with the Ministry, and the franchisor is obliged not to establish any facility that engages in any activities similar to those of the franchisee in the geographical territory specified in franchise agreement, or granting the right to a third party to do so during the term of the franchise agreement. In case there is a fundamental breach by a franchisor of the disclosure or record obligations specified in the law and regulations, franchisee shall have the right before the expiration of one year from the date of his knowledge of the breach or before the expiration of three years from the date of the breach, whichever is earlier; termination of franchise agreement - by written notice to the franchisor - without compensating the franchisor for that. The franchisor may be obliged (1) to repurchase all physical assets used exclusively in franchise business that franchisee has purchased from them or from others at his direction; within (sixty) days from the date of the franchisee's request. The repurchase shall be at a price not less than the price paid by franchisee minus the amount of depreciation of any equipment or supplies from these assets, and the amount of depreciation is calculated in accordance with generally accepted accounting standards and previous accounting practices for franchisee and (2) compensate the franchisee for any loss incurred in establishing franchise business in the Kingdom, its acquisition or operation, or any other damage caused to franchisee. The Company has not complied with article three of the Companies implementing Laws, as it has not registered some of signed franchise agreements and related franchise disclosure document to the Ministry within (ninety) days from the date of signing the agreement through depositing a copy of this agreement and disclosure document to competent authority in the Ministry. It also has not complied with article thirty-five (35) of Trademarks Law issued by Royal Decree No. 21 on 28/05/1423H, as it has not registered a licensing agreement to use the trademark for some franchisors. (For more details on franchise contracts, please refer to Subsection 9-5-4 “**Franchise Contracts**” of this Section).

Except for what is mentioned above and in Section 2 “**Risk Factors**” of this Prospectus, the Company is compliant with the Ministry’s laws and regulations.

9-3-2 Continuing obligations as per the Zakat, Tax and Customs Authority requirements

- The Company, like other registered establishments and companies operating in the Kingdom, is obliged to submit its zakat and tax returns within 120 days from the end of the fiscal year, for the purpose of renewing certificate issued by Zakat, Tax and Customs Authority.
- The Company and its branches submit a unified zakat declaration under the distinguished tax number (300433786) and have obtained zakat certificate until the year 2020G with the number (7001363006) on 19/09/1442H (corresponding to 30/04/2021G), which is valid until 29/09/1443H. (corresponding to 30/04/2022G).
- The Company and its Subsidiaries are compliant with the VAT regulation and its executive legislation. It is registered at the Zakat, Tax and Customs Authority under tax number (3000433786) dated on 06/05/1440H (corresponding to 22/01/2019G). This subscription certificate is issued only once and does not need to be renewed nor has an expiry date.
- The Company obtained a letter from the Zakat and Income Authority related to zakat and withholding tax assessment on the Company for years from 2007G to 2014G; under that letter the Authority has required the Company to pay additional amount of (9,749,692) Saudi Riyals and withholding tax amount of (1,510,287) Saudi Riyals. On 12/10/1439H (corresponding to 26/06/2018G), the Company paid the amounts owed and submitted an objection to the General Authority for Zakat and Income before objection deadline expiry; and the dispute was finally settled for that period.
- The Company has also obtained a letter from the Zakat and Income Authority related to the zakat assessment for fiscal years from 2015G to 2018G; according to which the authority requested the Company to pay zakat amount of (25,084,981.58) Saudi Riyals. On 06/07/1442H (corresponding to 17/02/2021G), the Company filed an objection to the General Authority for Zakat and Income before objection deadline expiry, and it is still under objection.
- Except for what was mentioned in Section 2 “**Risk Factors**” of this Prospectus, the Company does not have any Zakat assessments for previous years which is issued by the Authority. The Company has not filed any objection on the requirements of Zakat, Tax and Customs Authority and has not rejected any returns for previous years.

9-3-3 Continuing obligations as per the Ministry of Human Resources and Social Development requirements

- A file has been opened at the Ministry of Human Resources and Social Development (Labor Office) with a unified number (35475-1) according to the Saudization certificate issued from the Labor Office. As on the date of this Prospectus, the Company benefits from the electronic services of the Ministry, and the Saudization certificate issued on 20/09/1442H (corresponding to 01/05/2021G) indicates that the Company is compliant with the required Saudization percentage according to (Nitaqat) program.
- Saudization ratio in the Education Segment has reached 94.77%, classified under kindergarten activity - green zone - medium category (A). It also has a certificate of other fields within foreign education activity with a Saudization ratio of 54.11%, classified in the green zone - medium category (C).
- Saudization ratio in the Training Segment is 54.05%, classified under institutes activity - green zone - large.
- The Saudization ratio in the Call Center Segment is 57.85%, classified under information technology activity - green zone - large.
- Company has a private internal work regulation (HR Manual) holding the number (142038); and approved by Labor Office on 05/09/1438H (corresponding to 30/05/2017G).

The table below shows the number of employees in Al Khaleej Training and Education Company and its branches as on the date of publishing this Prospectus:

Table 49: Number of Saudi and non-Saudi employees

Number of Saudi and non-Saudi employees				
Authority	Reference*	Number of Saudis	Number of non- Saudis	Total
Social Security	Insurance Certificate	3,441	1,939	5,380
Passports (Jawazat) -Muqem	Extract from Muqem	NA	1,836	-
The Company*	Payroll sheet	-	-	5,550

Source: The Company

* As of April 2021G

- It was found that the data and numbers of employees at the Company do not match with those registered at governmental entities; which may explain presence of employees working for the Company but not under its sponsorship, or vice versa, which is that some employees who are registered under the Company's sponsorship work for another party without transferring their sponsorship in an orderly manner.
- Labor Law and its implementing regulations compel all employers that any contract with any employee or worker should be written and in two copies. Ministry of Human Resources and Social Development has also required work contracts to be electronically documented by uploading and updating the information related to employees' work contracts and granting them the opportunity to verify the validity of their contract data by documenting contracts through electronic services portal of General Organization for Social Insurance, this is in compliance with ministerial decree No. (156309) issued on 18/08/1440H (corresponding to 23/04/2019G), on notice that all contracts of employees who are contracted with immediately after the date of this decision must be documented. As for those who were contracted with in advance; documentation of their contracts is mandatory and over time periods ending at the end of fourth quarter of year 2020G. Until the date of this Prospectus, the Company is committed to document contracts of its employees, with a commitment rate of 122.33%.
- In compliance with ministerial decree No. 739 of 2016G regarding wages protection; all establishments registered with Ministry of Human Resources and Localization (Saudization) must pay the wages of their employees on due dates through wages protection system, employee wages shall be due starting from the day following the expiry of the period on which the wage is specified in the contract. The Company is committed to depositing wages of its employees through local banks as well as regular uploading of wages file until the issuance date of this Prospectus.

Except for what was mentioned in Section 2 "Risk Factors" of this Prospectus, the Company is committed to legislations and instructions of Ministry of Human Resources and Social Development as of publication date of this Prospectus.

9-3-4 Continuing obligations as per the Ministry of Municipal, Rural Affairs and Housing ("Ministry of Municipalities") requirements

- The Company should obtain a municipal license for its administrative offices, educational facilities and branches through which it conducts its business so that the Company can operate and open them according to legal procedures, put into consideration that the municipality requires the following documents: a copy of Commercial Registration, a copy of the Articles of Association, a copy of the lease agreement, a copy of building permit, educational facility, commercial shop, warehouse and other Company headquarters where the lease was made, a copy of the real estate office license, a photocopy of the building from a distance, including the plate (with a copy of plate invoice and Company trademark registration to be used on the interface) in addition to civil defense license.
- The Company has issued a municipality and safety license for all of its branches, according to the following:

Table 50: Municipality licenses & Branches safety

	Branch Name	District	Activity	C.R Certificate	Municipality License for Facility	Municipality License Expiry Date	Civil Defense Approval	Civil Defense License Expiry Date
1	General Administration Building (company's property)	Riyadh – Olaya	Administrative Building	1010103367	uncommitted (under procedure)		uncommitted (processing)	

Training and Education Institutes Sector

1	Al Khaleej Training and Education Institute (Boys)	Riyadh - Al-Suwaidi District	English Language Teaching	1010439960	4102433434	01/05/1443H corresponding to 05/12/2021G	1-000337779-40	27\02\1443H corresponding to 04\10\2021G
2	Al Khaleej Women's Institute	Riyadh - Al-Suwaidi District	Computer & Peripherals Training	1010418073	40031933360	01/02/1444H corresponding to 28/08/2022G	uncommitted (under procedure)	
3	Al Khaleej International Women's Training Institute	Riyadh - Al Nuzha District	Computer & Peripherals Training	1010418220	uncommitted (under procedure)		uncommitted (under procedure)	
4	Al Khaleej International Training Institute	Riyadh - King Abdullah District - Al-Fursan	Computer Training	1010430266	40031923040	14/09/1443H corresponding to 15/04/2022G	10031301040	18/03/1443H corresponding to 24/10/2021G
5	Al Khaleej Institute	Riyadh - Al-Quds District	Teaching English for Boys	1010442273	40031923040	14/09/1443H corresponding to 15/04/2022G	10031301040	18/03/1443H corresponding to 24/10/2021G
6	Al Khaleej Recruitment Company	Riyadh - Al-Morouj District	mediation in recruitment of Saudis	1010690019	uncommitted (under procedure)		uncommitted (under procedure)	
7	Al Khaleej International Training Institute for Ladies	Qassim - Al Muntazah Al Sharqi District	Training & Education	1131036242	3909348084	18/09/1443H corresponding to 19/04/2022G	200027577241	17/02/1443H corresponding to 24/09/2021G
8	Al Khaleej International Training Institute (Men)	Qassim - Al Muntazah Al Sharqi District	Training & Education	1131036242	3909348084	18/09/1443H corresponding to 19/04/2022G	2-000266369-42	13/05/1443H corresponding to 17/12/2021G
9	Al Khaleej International Women's Training Institute	Khamis Mushait - Dhahban District	Institutes for Languages Teaching , Conversation Skills, Computer & Peripherals Training	5855026677	41022576768	02/02/1443H corresponding to 09/09/2021G	300013874342	19/02/1443H corresponding to 26/09/2021G
10	Al Khaleej International Training Institute (Boys)	Jeddah - Al-Rawdah District	Computer & Peripherals Training	4030122203	1100053879	07/05/1441H corresponding to 02/01/2020G) license renewal in progress	30020953642	01/04/1443H corresponding to 06/11/2021G
11	Al Khaleej International Training Institute Men - Women	Makkah Al-Mukarramah - Al-Aziza District	Computer Training	4031090192	80531	22/02/1443H corresponding to 29/09/2021G	100061847742	08/03/1443H corresponding to 14/10/2021G
12	Al Khaleej International Training Institute	Makkah Al-Mukarramah - Al-Nazaha District Al-Noor Complex	Maintenance & Computer Repairing Training Computer & Peripherals Training, Training Institutes	4031038762	80531	22/02/1443H corresponding to 29/09/2021G	100061847742	08/03/1443H corresponding to 14/10/2021G
13	Al Khaleej International Women's Training Institute	Abha - Al-Morouj District	Institutes for Languages Teaching , Conversation Skills, Computer & Peripherals Training	5850122851	40062063794	28/06/1443H corresponding to 31/01/2022G	uncommitted (under procedure)	

14	Al Khaleej International Training Institute (Men)	Abha - Al-Safa District Al-Rashed Mall	Computer & Peripherals Training,	5850036806	41113616779	02/05/1443H corresponding to 06/12/2021G	100057236141	28/04/1443H corresponding to 03/12/2021G
15	Al Khaleej International Training Institute (Men)	Medina - Al-Fath district training institutes	Training Institutes	4650036870	410734548881	16/07/1443H corresponding to 17/02/2022G	10068718942	10/07/1443H corresponding to 11/02/2022G
16	Al Khaleej International Women's Training Institute	Al-Madinah Al-Munawwarah - Al-Qiblatain, Al-Arid District	Training Institute	4650073903	41073453961	10/04/1443H corresponding to 15/11/2021G	100055224641	11/03/1443H corresponding to 17/10/2021G
17	Al Khaleej International Training Institute	Al-Khobar - Qurtubah District - Al-Rakah	Computer Technology, Computer Networking Technology, Data Entry, Word Processing, Administrative & financial fields, and Self-Development	3051057228	41093542451	16/03/1443H corresponding to 22/10/2021G	100055410141	12/03/1443H corresponding to 18/10/2021G
18	Al Khaleej Training Institute	Jubail - AlFanateer	Computer Training & English Language Training	2050098237	uncommitted (under procedure)		uncommitted (under procedure)	
19	Al Khaleej Women's Training Institute	Al-Ahsa - Al-Mubarraz District	Computer Training	2252027144	41032594058	29/02/1444H corresponding to 25/09/2022G	100020841939	13/05/1443H corresponding to 17/12/2021G
20	Naval Training Institute	Dammam - Qurtubah District	Training & Education	Not Available	4109354251	16/03/1443H corresponding to 22/10/2021G	100055410141	12/03/1443H corresponding to 18/10/2021G
21	Al Khaleej Institute for English Language Teaching	Hail - Al Buhaira District	Institutes for Languages Teaching & conversation skills	33500444643	uncommitted (under procedure)		uncommitted (under procedure)	
22	Al Khaleej Training Institute	Hail - Buhaira District King Saud Road	Computer & Peripherals Training,	3350142327	uncommitted (under procedure)		uncommitted (under procedure)	
Women's Beauty Salons & Centers Spectrum Wellness for Women Center								
1	Spectrum Wellness Center	Riyadh - Qurtubah District	Fitness & Beauty	1010461047	396113	21/09/1443H corresponding to 22/04/2022G	uncommitted (under procedure)	
2	Vogue Salons	Riyadh - Qurtubah District	Ladies Salons	1010443889	uncommitted (under procedure)		uncommitted (under procedure)	
3	Spectrum Wellness Center & Vogue Salons	Altakhasusi	Fitness & Beauty	Not Available	uncommitted (under procedure)		uncommitted (under procedure)	
4	Spectrum Wellness Center	Riyadh - Olaya	Ladies Salons	1010167124	40092183933 40042004102	19/12/1442H corresponding to 28/07/2021G	uncommitted (under procedure)	
5	Vogue Beauty Salons	Riyadh - Olaya	Ladies Salons	1010361382	40092183933	22/04/1443H corresponding to 27/11/2021G	uncommitted (under procedure)	
6	Spectrum Wellness Center	Al-Khobar-Alaqrabia	Fitness & Beauty	2051056443	uncommitted (under procedure)		41113614755	25/11/1442H (corresponding to 04/07/2021G)

7	Vogue Beauty Salons	Al-Khobar-Alaqrabia	Fitness & Beauty	2051050280	227935	25/11/1442H (corresponding to 04/07/2021G	1-000571303-41	25/11/1442H (corresponding to 04/07/2021G
Schools Sector								
1	Rowad Al Khaleej International Schools	Dammam - Al Shati District	Education			uncommitted (under procedure)	10054499941	29/01/1442H corresponding to 16/09/2020G
2	Rowad Al Khaleej National Schools	Dammam - Al Hamra District	Education	2050065522		uncommitted (under procedure)	10031731840	13/05/1442H corresponding to 27/12/2020G
3	Baraem Rowad Al Khaleej International Schools	Al-Khobar - AlMaaden Street	Education	2051060277		uncommitted (under procedure)	20011741141	21/10/1443H corresponding to 22/05/2022G
4	Rowad Al Khaleej International Schools	Jeddah - Al Shiraa District	Education	403028941		uncommitted (under procedure)	uncommitted (under procedure)	
5	Rowad Al Khaleej International Schools	Riyadh - Al Mughrizat District	Education	1010313248		uncommitted (under procedure)	uncommitted (under procedure)	
6	Baraem Rowad Al Khaleej International Schools	Riyadh - Al-Sahafa District	Education	1010373935		uncommitted (under procedure)	uncommitted (under procedure)	
7	Baraem Rowad Al Khaleej International Schools	Riyadh - Al-Malqa District	Education	1010468531		building has been leased to an investor & license will be issued	building has been leased to an investor & license will be issued	
Call Center Sector								
1	Al Khaleej Training and Education Company	Riyadh - Al-Ghadeer District	Operating Systems & Call Centers	1010369937		uncommitted (under procedure)	uncommitted (under procedure)	
2	Al Khaleej Training and Education Company	Riyadh - Al-Morouj District	mediation in recruitment of Saudis	1010690019		uncommitted (under procedure)	uncommitted (under procedure)	
3	Smart Link	Riyadh - Al-Nahda District, Al-Morouj 2	Operating Systems	1010369937		uncommitted (under procedure)	uncommitted (under procedure)	
4	Al Khaleej Education and Training Company	Riyadh - Olaya	Operating Systems & Provision of Call Centers Service	1010369937		uncommitted (under procedure)	uncommitted (under procedure)	
5	Smart Link	Dammam - Saihat	Operating Systems	1010369937		uncommitted (under procedure)	uncommitted (under procedure)	
Warehouses								
1	Storehouse	Hijaz Road	Storehouse	Not Available		uncommitted (under procedure)	uncommitted (under procedure)	

Source: The Company

Al Khaleej Training and Education Company has obtained the first place in the field of communication technology as per the Contractors classification certificate issued by the agency of Ministry of Municipal and Rural Affairs for contractors' classification.

Except for what was mentioned in Section 2 "Risk Factors" of this Prospectus, the Company is compliant with the regulations and instructions of the Ministry of Municipal and Rural Affairs as on publication date of this Prospectus.

9-3-5 Continuing Obligations as per the Ministry of Education requirements

9-3-5-1 Education Segment

In compliance with Resolution No. 46138 on 25/04/1440H (corresponding to 03/01/2019G), "Educational Investment Services Center" was established in partnership with Private Public Education Agency of Ministry of Education, which is the competent authority to issue necessary licenses for private schools with a governmental curriculum and international schools with foreign curriculums. Since the Company has a chain of international schools under the name of "Rowad Al Khaleej International Schools" within the Kingdom of Saudi Arabia located in (4) four major cities (Dammam, Jeddah, Dhahran, Riyadh); the Company has obtained all necessary licenses issued by Educational Investment Center as follows:

Table 51: Education Segment Licenses

	School Name	Address	C.R	License No. Private School	License Expiry Date
1	Rowad Al Khaleej International Schools	Dammam – Al-Zohour District	2050072673	520-719	21/11/1442H corresponding to 30/06/2021G automatically renewed on system every month (Tatweer Platform)
2	Rowad Al Khaleej National Schools	Dammam – Al Hamra District	2050065522	520-1189	21/11/1442H corresponding to 30/06/2021G automatically renewed on system every month (Tatweer Platform)
3	Baraem Rowad Al Khaleej International Schools	Khobar – Dhahran – Almaaden Street	2051060277	520-2894	21/11/1442H corresponding to 30/06/2021G automatically renewed on system every month (Tatweer Platform)
4	Rowad Al Khaleej International Schools	Riyadh – Al Mughrizat District	1010313248	520-2880	21/11/1442H corresponding to 30/06/2021G automatically renewed on system every month (Tatweer Platform)
5	Baraem Rowad Al Khaleej International Schools	Riyadh – Al-Sahafa District	1010373935	520-2597	21/11/1442H corresponding to 30/06/2021G automatically renewed on system every month (Tatweer Platform)
6	Rowad Al Khaleej International Schools	Jeddah – Al-Shera'	403298941	520-4309	21/11/1442H corresponding to 30/06/2021G automatically renewed on system every month (Tatweer Platform)
7	Baraem Rowad Al Khaleej International Schools	Riyadh – Al-Malga District	1010468531	being issued at competent authorities	21/11/1442H corresponding to 30/06/2021G automatically renewed on system every month (Tatweer Platform)

Source: The Company

9-3-5-2 Training Segment

The Ministry of Education supervises all private training facilities, and since the Company has a series of institutes for teaching English, it has obtained all necessary licenses issued by the “Educational Investment Center” in partnership with private Public Education Agency of Ministry of Education “Language Institute License” as follows:

Table 52: Ministry of Education Licenses

	Institute Name	Address	C.R	Ministry of Education License	License Expiry Date
1	Al Khaleej Institute for English Language Teaching	Riyadh – Al-Suwaiti District	1010439960	530-0332	21/11/1442H corresponding to 30/06/2021G license is automatically renewed upon reprint
2	Al Khaleej International Women's Training Institute	Riyadh – Al-Suwaiti District	1010418073	530-0140	21/11/1442H corresponding to 30/06/2021G license is automatically renewed upon reprint
3	Al Khaleej International Women's Training Institute	Riyadh – Al Mughrizat District	1010473765	530-0069	21/11/1442H corresponding to 30/06/2021G license is automatically renewed upon reprint
4	Al Khaleej International Training Institute for Ladies	AlQassim – Al Muntazah AlSharqi District	1131036224	530-0079	21/11/1442H corresponding to 30/06/2021G license is automatically renewed upon reprint
5	Al Khaleej International Training Institute (Men)	Al Qassim – Buraydah – Al Muntazah Al Sharqi District	1131036224	530-0124	19/10/1442H corresponding to 31/05/2021G license is automatically renewed upon reprint
6	Al Khaleej International Women's Training Institute	Khamis Mushait – Dhahban District	5855026677	530-0066	21/11/1442H corresponding to 30/06/2021G license is automatically renewed upon reprint
7	Al Khaleej International Training Institute (Boys & Girls)	Jeddah – Al-Rawdah District (Boys)	4030122203	530-0095	21/11/1442H corresponding to 30/06/2021G license is automatically renewed upon reprint
8	Al Khaleej International Training Institute (Men-Women)	Mecca – Aziziyah District	4031090192 4031038762	530-0115 530-0122	21/11/1442H corresponding to 30/06/2021G license is automatically renewed upon reprint
9	Al Khaleej International Women's Training Institute	Abha – Al Murooj	5850122851	530-0017	21/11/1442H corresponding to 30/06/2021G license is automatically renewed upon reprint

	Institute Name	Address	C.R	Ministry of Education License	License Expiry Date
10	Al Khaleej International Training Institute (Men)	Abha – Al-Safa District	5850036806	530-0139	21/11/1442H corresponding to 30/06/2021G license is automatically renewed upon reprint
11	Al Khaleej International Training Institute (Men)	Medina – Al-Fath District	4650036870	530-0334	21/11/1442H corresponding to 30/06/2021G license is automatically renewed upon reprint
12	Al Khaleej International Women's Training	Institute Madinah – Al-Areeth District Al-Qiblatain	465073903	530-0113	21/11/1442H corresponding to 30/06/2021G license is automatically renewed upon reprint
13	Al Khaleej International Women's Training Institute	Al Khobar – Qurtuba District	2051017604	530-0333	21/11/1442H corresponding to 30/06/2021G license is automatically renewed upon reprint
14	Al Khaleej Women's Training Institute	Al-Ahsa – Al-Mubarraz District	2252027144	4382430013	21/11/1442H corresponding to 30/06/2021G license is automatically renewed upon reprint
15	Al Khaleej International Training Institute	Riyadh – Al-Quds District	1010442273	100504	21/11/1442H corresponding to 30/06/2021G license is automatically renewed upon reprint

Source: The Company

Except for what was mentioned in Section 2 “**Risk Factors**” of this Prospectus, the Company is compliant with the regulations and instructions of the Ministry of Education as on publication date of this Prospectus.

9-3-6 Continuing obligations as per the General Corporation for Technical and Vocational Training requirements

Private Training Administration of Technical and Vocational Training Corporation issues all necessary licenses for private training facilities and supervises the training process in the Kingdom; this is in accordance with the draft regulation of the Technical and Vocational Training Corporation issued by Council of Ministers Resolution No. (268) on 14/08/1428H corresponding to 28/08/2007G). According to Article 3 of the regulation, “The Corporation shall license private sector to train, supervise it, and define its technical standards. “Since the Company has a chain of training institutes for computer, administrative training and others, it has obtained all necessary licenses from Technical and Vocational Training Corporation according to the following:

Table 53: Technical and Vocational Training Corporation Licenses

	Institute name	Address	Commercial Registration	Training license issued by Technical & Vocational Training Corporation	Training License Expiry Date
1	Al Khaleej Institute for English Language Teaching	Riyadh – Al-Suwaidi District	1010439960	22419242747	20/02/1447H corresponding to 14/08/2025G
2	Al Khaleej International Women's Training Institute	Riyadh – Al-Suwaidi District	1010418073	22417489848	10/11/1446H corresponding to 09/04/2025G

3	Al Khaleej International Women's Training Institute	Riyadh – Al-Mughrizat District	1010418220	22416641850	renewal is in progress to move the branch
4	Al Khaleej International Training Institute for Ladies	Al-Qassim – Al Muntazah AlSharqi District	1131036224	224785246	13/05/1447H corresponding to 04/11/2025G
5	Al Khaleej International Training Institute (Men)	Al-Qassim – Buraydah – Al Muntazah AlSharqi District	1131036224	22444187763	05/07/1446H corresponding to 05/01/2025G
6	Al Khaleej International Women's Training Institute	Khamis Mushait – Dhahban District	5855026677	46943697	22/05/1447H corresponding to 22/11/ 2025G
7	Al Khaleej International Training Institute (Boys & Girls)	Jeddah – Al-Rawdah District (Boys)	4030122203	224319467	24/03/1447H corresponding to 16/09/2025G
		Jeddah – Al-Rawdah District (Girls)		224226431075	28/10/1446H corresponding to 26/04/2025G
8	Al Khaleej International Training Institute (Men – Women)	Makkah Al-Mukarramah – Al-Aziziyah District	4031090192 4031038762	224441469	23/03/2025G
				22425449839	23/12/1447H corresponding to 09/06/2026G
9	Al Khaleej International Women's Training Institute	Abha – Al-Morouj District	5850122851	22367455717	22/05/1447H corresponding to 13/11/2025G
10	Al Khaleej International Training Institute – Men	Abha – Al-Safa District	5850036806	224325717	01/01/1447H corresponding to 26/06/2025G
11	Al Khaleej International Training Institute - Men	Medina – Al-Fath District	4650036870	2245289160	04/06/1444H corresponding to 28/12/2022G
12	Al Khaleej International Women's Training Institute	Al-Madinah – Al-Areedh District Al-Qiblatain	4650073903	22436696880	19/12/1446H corresponding to 15/06/2025G
13	Al Khaleej International Women's Training Institute	Al Khobar – Qurtuba District	2051057228	535891029	-
14	Al Khaleej Women's Training Institute	Al-Ahsa – Al-Mubarraz District	2252027144	224529405571812	30/07/1446H corresponding to 03/01/2025G
15	Naval Training Institute	Qurtuba	Not Available	539613222	20/02/1447H corresponding to 14/08/2025G
16	Al Khaleej International Training Institute	Riyadh – Al-Quds District	1010442273	22418135682	12/03/1447H corresponding to 04/09/2025G

Source: The Company

9-3-7 Continuing obligations according to the Communications and Information Technology Commission requirements

- “Smart Link Company” is one of the Company’s branches that provides comprehensive solutions for integrated call center services (including in-house services and out-source services on behalf of the client). Smart Link services also include providing manpower and human resources in various specializations.
- Based on Communication System and its implementing regulations issued upon Royal Decree No. (M/12) on 12/03/1422H (corresponding to 04/06/2001G, and pursuant to the Communication and Information Technology regulatory authority issued by the Council of Ministers resolution No. (74) on 05/03/1422H (corresponding to 28/05/2001G, the Company obtained a “License to provide Communication Services” issued by the Communication and Information Technology Commission No. (37-13-80) on 13/06/1437H (corresponding to 22/03/2016G) which is effective until 12/06/1443H (corresponding to 15/01/2022G).

9-3-8 Continuing obligations as per the CMA requirements

- The Authority requires all listed companies to abide by the Rules on Offer of Securities and Continuing Obligations and the CMA instructions as well as the Listing Rules issued by the Exchange, especially the obligations to periodically disclose material and financial developments as well as the disclosures of the Board of Directors report, advertisement forms. The Company must also provide a statement of all the reasons in the change in financial results of current fiscal year with the comparison period so that the reasons include all items of financial results announcement.
- The Authority also require all companies listed on the Exchange to disclose, in stages, their compliance with the transition to international accounting standards. The Company announced its commitment to this on the Saudi Exchange website on 31/08/2016G.
- With regard to the Corporate Governance Regulations, the table below includes a summary of the most important provisions of Corporate Governance Regulations that the Company has or has not complied with.

Table 54: A summary of the most important provisions of Corporate Governance Regulations that the Company has or has not complied with.

Article of the Corporate Governance Regulations	Description	Concerned Party	Comment
9/B	Board of directors must set a clear policy regarding distribution of dividends in a way that achieves the interests of all shareholders and the Company in accordance with the Company’s Bylaws.	Board of Directors	committed - regulation was approved on 17/10/2017G
12 articles 5 & 54	formation of audit committee	General Assembly of Shareholders	committed - audit committee was formed on 21/12/2020G
54C	The company’s general assembly, based on a proposal from Board of Directors, issues a regulation for work of audit committee, provided that this regulation includes rules and procedures for work of the committee, its tasks, rules for selecting its members, how to nominate them, duration of their membership, their remuneration, and the mechanism for temporarily appointing its members in case of any vacancy.	General Assembly of Shareholders	committed - audit committee was confirmed on 22/11/2017G
12/6	approval of financial statements	General Assembly of Shareholders	committed - 2019G financial statements were approved on 25/03/2020G and 2020G financial statements were approved on 25/05/2021G
12/7	approval of annual report of Board of Directors	General Assembly of Shareholders	committed - the report was approved on 05/05/2020G, and 2020G report was approved on 25/05/2021G
12/9&81	appointing company’s auditors, determining their remuneration, reappointing or changing them, and approving their reports	General Assembly of Shareholders	committed on 05/05/2020G

Article of the Corporate Governance Regulations	Description	Concerned Party	Comment
22/2	Developing systems and restraining orders for internal control and general supervision over them, including: Establishing a written policy to address actual and potential "conflict of interest" cases for each of board members, executive management and shareholders, including misuse of company's assets and facilities, and misconduct resulting from dealings with related persons. Ensuring integrity of financial and accounting systems, including those related to preparation of financial reports. Ensuring application of appropriate control systems to measure and manage risks, by developing a general perception of risks that the Company may face, and to create an environment familiar with culture of risk management at the Company level and to present it transparently with concerned parties(stakeholders) associated with the company. Annual review of the effectiveness of the company's internal control procedures.	Board of Directors	Committed on 17/10/2017G
22/3	Develop clear and specific policies, standards and procedures for membership in Board of Directors, and putting them into practice after approval by General Assembly.	General Assembly of Shareholders	committed - on 22/11/2017G & amended on 28/04/2019G
22/4	Develop a written policy regulating relationship with stakeholders (concerned parties) in compliance with provisions of Governance Regulations, and it should particularly cover the following: -Mechanisms of compensating stakeholders in the event of a violation of their rights recognized by regulations and protected by contracts. -Mechanisms of settling complaints or disputes that may arise between the Company and stakeholders. -Appropriate mechanisms to establish good relations with customers and suppliers and to maintain confidentiality of information related to them.	Board of Directors	committed - within list of conflicts of interest approved on 17/10/2017G
22\13 50&60&60A&64	Forming specialized drawn committees by decisions specifying committee's term, validity, responsibilities, and how the council monitors it, provided that the decision to form includes naming the members, specifying their duties, rights and tasks, with evaluating performance and work of these committees and their members.	Board of Directors	committed
23/1	Approving and developing internal policies related to the company's work, including defining tasks, competencies and responsibilities assigned to various organizational levels.	Board of Directors	not committed
23/2	Adopting a written detailed policy specifying the powers delegated to executive management and a table showing those capacities, methods of implementation and the delegation period. Board of Directors may request the executive management to submit periodic reports on its practices of delegated validities.	Board of Directors	not committed
25	CEO appointment	Board of Directors	AlWaleed AlDryaan was appointed as Managing Director (delegated member) on 13/02/2018G. There is no decision to assign him duties of the CEO
26/5	setting organizational, functional structures of the Company and submitting them to Board of Directors for approval.	Board of Directors	committed- on 21/12/2020G
27/8	conducting meetings on a regular basis with the non-executive members of Board of Directors without the presence of any executive member of the company	Chairman of Board	not committed

Article of the Corporate Governance Regulations	Description	Concerned Party	Comment
27/9	Notify General Assembly, when convened, of business and contracts in which a member of Board of Directors has a direct or indirect interest, provided that this notification includes information submitted by the member to Board of Directors in accordance with Paragraph (14) of article 30 of Governance Regulations, and this notification is accompanied by a special report by company's external auditor.	Board of Directors	committed - according to an independent report from the auditor on contracts and transactions in which a member of Board of Directors has an interest in, for the years 2017G, 2018G and 2019G.
43	A clear written policy for dealing with actual or potential conflict of interest cases that could affect performance of members of Board of Directors, executive management or other employees of the Company when dealing with the Company or with other stakeholders (concerned parties).	Board of Directors	committed on 17/10/2017G
51 C	The Chairman of the Board must not be a member of the Audit Committee, but he may participate as a member in other committees, provided that he does not participate as Chairman in the committees stipulated in these regulations.	General Assembly	committed
55/B/4&74	Appointing the director of internal audit unit, department or the internal auditor and proposing their remuneration.	Board of Directors	committed on 03/05/2015G
60 B	The company's general assembly, based on a proposal from Board of Directors, issues a regulation for the work of Remuneration & Nominations Committee, provided that this regulation includes restraining orders, procedures and work plan of the committee, its tasks, rules for selecting its members, how to nominate them, term of their membership, their remuneration, and mechanism for temporarily appointing its members in case of a vacant seat.	General Assembly of Shareholders	committed on 22/11/2017G
61/1	Remuneration and Nominations Committee shall prepare a clear policy for remuneration of members of Board of Directors and other committees emanating from Board and Executive Management, and submit it to Board of Directors for consideration in preparation for approval by General Assembly, provided that such policy shall follow performance-related standards, disclose them, and verify their implementation.	General Assembly of Shareholders	committed on 22/11/2017G
65/3	Preparing a description of capabilities and qualifications required for membership in Board of Directors and occupying executive management positions.	Remuneration & Nominations Committee	committed on 28/04/2019G
68	A policy of professional conduct and ethical values	Board of Directors	committed on 17/10/2017G
69	written policies of disclosure, supervisory procedures and systems in line with disclosure requirements stated in the Companies Law and Capital Market Law	Board of Directors	committed on 17/10/2017G
94	Corporate Governance Rules or Manual	Board of Directors	not committed

Source: The Company

In addition to the above policies, the Company has a "Social Responsibility Policy" approved by a decision of Board of Directors on 16/10/2018G, and an "Accreditation Validity Policy" approved by Board of Directors on 01/08/2018G.

The Company is neither held accountable nor receive any penalties imposed by the Capital Market Authority during previous the three years (2017G-2018G-2019G).

Except for what was mentioned above and in Section 2 "Risk Factors" of this Prospectus, the Company follows the Corporate Governance Regulations in accordance with the requirements of the Capital Market Authority.

9-4 Subsidiaries

The Company has a number of subsidiaries that were established outside the Kingdom; including (4) companies in the United Arab Emirates, (2) companies in the Republic of Egypt and (1) Company in the United Kingdom; the table below gives a summary of them:

Table 55: Summary of Subsidiaries

	Address	Legal Entity Type	Activity	Company's Capital (SR)*	Company's Ownership percentage	Commercial Registration Number	Date of Incorporation	Administration	Other Owners
Online Trading Academy	UAE	Limited Liability Company	Training	1,000,000 Dirhams Equivalent to (1,021,103 Saudi Riyals)	100%	91277	31/08/2004G	Tariq Abu Hantash	-
Applied Digital Media Services Company	UAE	Limited Liability Company	Training	2,500,000 AED Equivalent to (2,552,759 Saudi Riyals)	100%	18404	31/05/2006G	Alwaleed AlDryaan	-
Fast Lane Group	UAE	Limited Liability Company	Training	100,000 AED equivalent to (102,110 Saudi Riyals)	80%	17965	18/04/2011G	Moaz Al Safi	Joseph Maskuling 20%
Franklin Covey Middle East	UAE	Civil Company	Training	2,500,000 AED equivalent to (2,552,759 Saudi Riyals)	61%	510232	13/02/1999G	Alwaleed AlDryaan	Abdulaziz Al-Kraidis 39%
Jobzella	Egypt	Joint stock company	Consulting	250,000 EGP equivalent to (59,900 Saudi Riyals)	60%	91277	29/02/2016G	Nader Elbatrawy	Nader Elbatrawy 25% Jamal Sobh 10% Khalid Ismael 5%
Al Khaleej Training and Information Technology Company	Egypt	Joint stock company	Training	6,000,000 EGP Equivalent to (1,438,000 Saudi Riyals)	57%	138078	22/03/2003G	Muhammad Hassan	Abdulaziz AlRashed 29% Muhammad Hassan 14%
Linguaphone Limited Company	United Kingdom	limited liability company	training	1,606,639 Sterling Equivalent to (8,484,094 Saudi Riyals)	100%	5694539	19/06/2017G	Derek Price	-

Source: The Company

* As on 31/12/2020G

The Company has also an investment in an associate Company incorporated in the United States of America (New Horizons), in which it owns a 14.7% stake.

9-5 Material Contracts

9-5-1 Related Parties Contracts

The Company has contracts with related parties during previous fiscal years, as per the following:

Table 56: Summary of Related Parties Transactions

	Nature of Work or Contract	Relationship	Stakeholder Member	Nature of Transaction	Transaction Value	Duration of the Contract	Shareholders Assembly of Accreditation
1	Al Khaleej Training and Education Company(hirer) & Al Khaleej Computer Company owned by members of the Board of Directors (tenant)	Board of Directors	- Abdulaziz Hammad AlBlaihid - Abdulaziz Rashed AlRashed - Ahmad Ali AlShadawi - Ahmed Muhammad Salem AlSari (Former Board Member)	Tenancy Agreement	1,366,000 Saudi Riyals annually	3 years	Business and Contracts in which members of Board of Directors have an interest in were voted on by shareholders' association in the last three years on: 16/04/2017G 2 Excellencies 04/04/2018G 28/04/2019G 05/05/2020G
2	Al Falak Electronic Equipment & Supplies Co, owned by members of Board of Directors (hirer) & Al Khaleej Training and Education Company (tenant)	Board of Directors	- Abdulaziz Hammad AlBlaihid - Abdulaziz Rashed AlRashed - Ahmad Ali AlShadawi - Ahmed Muhammad Salem AlSari (Former Board Member)	Tenancy Agreement	900,000 Saudi Riyals annually	7years	Business and Contracts in which members of Board of Directors have an interest in were voted on by shareholders' association in the last three years on: 16/04/2017G 24/04/2018G 28/04/2019G 05/05/2020G
3	Al Khaleej Training and Education Company(Service Provider) & Al Falak Electronic Equipment & Supplies Co. Owned by Board Members (Beneficiary)	Board of Directors	- Abdulaziz Hammad AlBlaihid - Abdulaziz Rashed AlRashed - Ahmad Ali AlShadawi - Ahmed Muhammad Salem AlSari (Former Board Member)	An agreement to provide consulting services in the field of recruiting and attracting specialized labour and conducting training courses that qualify employees to perform their job duties.	1500,000 Saudi Riyals annually	1 (one) year	Business and Contracts in which members of Board of Directors have an interest in were voted on by shareholders' association in the last three years on: 24/04/2018G 28/04/2019G 05/05/2020G
4	Al Khaleej Training and Education Company (Purchaser) & Al Falak Electronic Equipment & Supplies Co. Owned by Board Members (vendor)	Board of Directors	- Abdulaziz Hammad AlBlaihid - Abdulaziz Rashed AlRashed - Ahmad Ali AlShadawi - Ahmed Muhammad Salem AlSari (Former Board Member)	Purchase agreement for electronic equipment & products	1,000,000 Saudi Riyals annually	1 (one) year	Business and Contracts in which members of Board of Directors have an interest in were voted on by shareholders' association in the last three years on: 24/04/2018G 28/04/2019G 04/05/2020G

Source: The Company

According to Article (71) of the Companies Law; a member of the Board of Directors must inform the Board of his direct or indirect interest in the businesses and contracts that are made for the Company's account. This notification should be recorded in the minutes of the meeting. A member who has an interest may not participate in voting on the resolution of the Board of Directors and shareholders' assembly in this regard.

The Company is committed to the Companies Law in terms of presenting the above contracts and transactions to the general assembly of shareholders held during the last three years, with stakeholders abstaining from voting on these items.

9-5-2 Contracts and Transactions related to Real Estate Assets

9-5-2-1 Real Estate owned by the Company

As on the date of this Prospectus, the Company's has one single title deed for four pieces of land; according to the following:

Table 57: Owned Properties

	Instrument No.	City	District	Owner	Area
1	910123037138	Riyadh	Olaya	Al Khaleej Training & Education Co.	2,240m2
2	430803017448	Al-Ahsa	Halat Alsubean	Al Khaleej Training & Education Co.	817.25 m2
3	530210004962	Al Khobar	Shamal Al Khobar	Al Khaleej Training & Education Co.	17,123 m2
4	230203006437	Al Khobar	Al Khobar Al Shamalia	Al Khaleej Training & Education Co.	5,000 m2

Source: The Company

9-5-2-2 Lease Agreements

- The Company owns one piece of land in the city of Riyadh; Olaya district wherein the main branch of the Company locates and where the management is based. It also leases some offices to some of the Company's branches and to other various organizations in which board members have an interest in (for more details, please refer to Subsection 9-5-1 "Related Parties Contracts" of this Section).
- The Company has concluded some lease agreements as (a tenant) in order to operate all its branches with its three activities: (Training Segment, Education Segment, and Call Center Segment) according to the following detail:
 - The Company has 44 branches registered at the Ministry of Commerce, including 8 that are being struck off, 36 rented locations, and 44 municipal licenses. It was found that some common premises include boys and girls, as well as computer and language institutes, so there are more than one license and registration for them.

Training Segment

Table 58: Lease Agreements for Training Institutes Branches

	Parties of the Agreement	Location	Agreement Signing Date	Agreement Value	Agreement Duration	Notes	Safety & Municipality License
1	Sheikh\ Ali Bin Abdul Rahman Al-Barghash & Al Khaleej Training and Education Company	Riyadh - Al-Suwaidi neighborhood (Men)	15/08/1432H (corresponding to 16/07/2011G)	500,000 Saudi Riyals Every Hijri year from 15/12/1432H until 14/12/1437H 575,000 Saudi Riyals Every Hijri year From 15/12/1437H until 14/12/1442H	10 years starting from 15/12/1432H Until end of 14/12/1442H the contract is automatically renewed	The agreement is not electronically registered	committed
2	Qarn Real Estate Office & Al Khaleej Training and Education Company	Riyadh - Al-Suwaidi neighborhood (Women)	12/06/1439H (corresponding to 27/02/2018G)	800,000 Saudi Riyals/ per year	3 Hijri years start on 14/01/1440H and expires on 14/01/1443H renewed with a new agreement	The agreement is not electronically registered	Committed - licenses must be renewed

	Parties of the Agreement	Location	Agreement Signing Date	Agreement Value	Agreement Duration	Notes	Safety & Municipality License
3	Naif Saleh Al-Odah Real Estate Office & Al Khaleej Training and Education Company	Riyadh - Al Nuzha District	16/05/1442H (corresponding to 31/12/2020G)	6,292,820.70 Saudi Riyals	From 19/09/1442H (corresponding to 01/05/2021G) to 23/11/1448H (corresponding to 30/04/2027G)	The agreement was registered electronically.	not committed
4	Abdulaziz Abdul Rahman Al Hamdan Real Estate Office & Al Khaleej Training and Education Company	Riyadh - King Abdullah District	11/08/1442 H (corresponding to 24/03/2021G)	5,000,000 Saudi Riyals	from 13/05/2021G until 12/05/2026G	The agreement is electronically registered.	committed
5	Abdulaziz Mohammed Al Sultan Real Estate Establishment & Al Khaleej Training and Education Company	Al-Qassim - Buraydah (Boys)	06/05/1442 H (corresponding to 21/12/2020G)	207,000 Saudi Riyals	One year Starting from 10/12/2020G and expires on 09/12/2021G	The agreement is electronically registered.	committed
6	Fahad Al-Rabadi Contracting Est & Al Khaleej Training and Education Company	Al-Qassim - Nazia District, King Saud Road (Women)	22/07/1436H (corresponding to 11/05/2015G)	200,000 Saudi Riyals/ per year	6 Gregorian years Starting on 01/04/2015G Negotiations are in progress to renew the agreement	The agreement is not electronically registered	committed
7	Messrs/ Heirs of Mushabab Bin Zuhair Bin Muaidh Al-Qahtani & Al Khaleej Training and Education Company	Khamis Mushait (Ladies)	28/01/1436H (corresponding to 13/08/2015G)	350,000 Riyals/per year	5 Gregorian years start on 01/04/2016 G The agreement is automatically renewed.	The agreement is not electronically registered	committed
8	Omar Aboud Mohammed Al-Amoudi & Al Khaleej Training and Education Company	Jeddah - Al-Rawdah District	30/01/1441 H (corresponding to 29/09/2019G)	4,992,000 Saudi Riyals	Three Hijri years Starting from 01/02/1441H (corresponding to 30/09/2019G) until 29/01/1444H (corresponding to 27/08/2022G)	-	committed
9	Mrs. Rima Bint Bandar Mansour Al-Sharif & Al Khaleej Training and Education Company	Makkah Al-Mukarramah - Al-Nazaha District Training on maintenance and repair of computers	03/09/1427 H (corresponding to 25/09/2006G)	525,000 Saudi Riyals	01/09/1447 H (corresponding to 18/02/2026G) renewable	The contract is not registered electronically.	committed
10	Bunyan Real Estate Fund Company & Al Khaleej Training and Education Company	Abha City - Al Rashed Mall Al Safa	24/04/1440 H (corresponding to 01/01/2019G)	from first year to third year = 541,750 Saudi Riyals from fourth year to sixth year = 591,000 Saudi Riyals from seventh year to tenth year = 640,250 Saudi Riyals	10 Gregorian years Start on 01/04/2017G and expires on 31/03/2026G	-The contract is not registered electronically. -Chairman of Board of Directors of Bonyan Real Estate Fund Company: Mr. Suleiman Abdul Rahman Saad Al-Rashed	committed

	Parties of the Agreement	Location	Agreement Signing Date	Agreement Value	Agreement Duration	Notes	Safety & Municipality License
11	Hussein Awadah Hussein Al-Ahmari Real Estate Services Office & Al Khaleej Training and Education Company	Abha - Al-Morouj District	01/08/1442 H (corresponding to 14/03/2020G)	460,000 Saudi Riyals	Starts on 01/01/2021G up to 30/06/2023G	The agreement is electronically registered.	committed
12	Ahmed Saber's Endowment (Waqf/ Endowment Supervisor) & Al Khaleej Training and Education Company	AlMedinah AlMunawarah Al-Fath district (Boys)	30/12/1434 H (corresponding to 04/11/2013G)	333,460 Saudi Riyals /year The last two years the value increases by 10% to become 366,800 Saudi Riyals / per year	5 years Starting from 01/01/1435H and ending on 12/30/1439H The contract is automatically renewed.	The agreement is not electronically registered	committed
13	Messrs/ Heirs of Salem Bin Alim Sonbol & Al Khaleej Training and Education Company	AlMedinah AlMunawarah Alqiblatayn (Ladies)	14/08/1439 H (corresponding to 30/04/2018G)	First five years = 407,370 Saudi Riyals/ year last period = 440,000 Saudi Riyals / year	7 Gregorian Years (renewable)	The agreement is not electronically registered	committed
Women's Centers (Salon & gym)							
1	Mashariq Real Estate Co. Ltd. & Al Khaleej Training and Education Company	Riyadh - Qurtubah District Spectrum Sports & Wellness Center	05/07/1437 H (corresponding to 12/04/2016G)	10,247,328 Saudi Riyals	10 Gregorian years Start on 01/10/2014G The contract is not automatically renewed	The agreement is not electronically registered	not committed
2	-	Riyadh - Qurtubah District Vogue salon	05/07/1437 H (corresponding to 12/04/2016G)	10,247,328 Saudi Riyals 50% of the contract annually 561,561	10 Gregorian years Start on 01/10/2014G The contract is not automatically renewed	The agreement is not electronically registered	not committed
3	Staff Social Club at King Faisal Specialist (Altakhasusi) Hospital and Research Center - Riyadh & Al Khaleej Training and Education Company	Renting and Operating a center for women's wellness & beauty services in single women's housing complex Riyadh – Specialist (Altakhasusi) Hospital	16/12/1439 H (corresponding to 27/08/2018G)	690,000 Saudi Riyals 230,000 Saudi Riyals annually including services	3 Hijri years	The agreement is not electronically registered	not committed
4	Al Khaleej Training and Education Company & Spectrum Wellness Center -Riyadh	Riyadh – Olaya Spectrum Sports Center	05/04/1436 H (corresponding to 25/01/2015G)	1,224,391 Saudi Riyals	5 five Gregorian years Expire on 25/01/2020G renews automatically	The agreement is not electronically registered	not committed
5	Al Khaleej Training and Education Company & Vogue Beauty Center for Beauty Treatment	Riyadh - Olaya Vogue salon	02/04/1438 H (corresponding to 01/01/2017G)	200,000 Saudi Riyals	5 five Gregorian years / renews automatically	The agreement is not electronically registered	not committed

Source: The Company

Education Segment

Lease Agreements for Rowad Al Khaleej International Schools

- Al Khaleej Training and Education Company sold some of its lands to “Second Distinguished Warehousing Company”; as the buyer is a special purpose Company registered in the name of the Trustee of Al-Rajhi REIT Fund, for the purpose of holding the assets on behalf of Al Rajhi REIT Fund.
- The buyer, “Second Distinguished Warehousing Company”, purchased all rights, property documents and interests related to sold assets from Al Khaleej Training and Education Company. Note that the asset is represented in Rowad Al Khaleej International School, which is located in the city of Dammam (Al-Zohour District - Anas Bin Malik Street) and the site includes a plot of land.
- The buyer, “Second Distinguished Warehousing Company”, agreed to grant the seller “Al Khaleej Training and Education Company” a Lease Agreement as a new tenant, and in return, Al Khaleej Training and Education Company agreed to the new Lease Agreement of the sold assets, in which Rowad Al Khaleej International Schools were built - (7) schools.
- Under these lease and purchase agreements, a “service agent” contract has been concluded on the same date of the lease agreements, according to which Al Khaleej Training and Education Company, as a (service agent), will carry out the main maintenance work for the property and keep the property fully secured.
- The Company is compliant with issuing municipal and civil defense licenses for the sites occupied by the national schools
- Properties were leased on basis of a net lease contract, whereby the Company is committed to manage the properties, carry-on periodic maintenance, and insuring them.

The following are details of those transactions:

Table 59: Details of Lease Contract for Rowad Al Khaleej International Schools (Riyadh)

Lease Agreement	Second Distinguished Warehousing Company (first party) (lessor)	Al Khaleej Training and Education Company (second party) (Tenant)
Agreement Type	Rental Agreement	
Agreement Scope	Renting the property located in the city of Riyadh according to deeds No. 417807001086 417807001085	
Agreement Date	- unspecified date - signed and stamped by the Company	
Agreement Subject	A lease agreement in relation to the land of the building ground on which Rowad Al Khaleej International School was built.	
Duration of the Agreement	15 Gregorian years after the commencement date (ends on 24/03/2034G)	
Agreement Value	The first 5 years 16,275,000 Saudi Riyals for a year (payable in two semi-annual payments) The second 5 years 17,495,625 Saudi Riyals for one year (payable in two semi-annual payments) The last 5 years 18,807,796.9 Saudi Riyals for one year (payable in two semi-annual payments)	
Terms of Ending or terminating the agreement	(A) If the tenant fails to pay any eligible amount to the lessor on the due date and (1) fails to remedy such non-payment within fifteen (15) days after receipt of written notice from the lessor detailing the non-payment (first notice of non-payment), and (2) fails to pay the amount referred to within fifteen (15) days after receipt of the second written notice from the lessor, which the lessor may deliver if payment in full has not been received within fifteen (15) days after the delivery of the first notice of non-payment. (B) If the tenant breaches or fails to enforce any other provision of this agreement, violates or fails to enforce any provision of the Service Agency Agreement and fails to remedy such breach or failure within thirty (30) days after receipt of written notice from the Lessor (or a longer period as agreed in writing between the concerned parties).	
Applicable Law	Laws and regulations applicable in the Kingdom of Saudi Arabia	
Settlement of Disputes	The relevant court with judicial competence in Riyadh - Kingdom of Saudi Arabia	

Notes	The property was owned by Al Khaleej Training and Education Company and was sold to Al-Rajhi REIT Fund (through Warehousing Company– the Custodian) for an amount of 210 million Saudi Riyals for the value of Al-Mugharzat neighborhood building and property in Riyadh. It was rented back by the Company as a (tenant). Under this lease agreement, a “service agent” contract has been concluded on the same date of the lease agreements, according to which Al Khaleej Training and Education Company, as a (service agent), will carry out the main maintenance work for the property and keep the property fully secured.
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Source: The Company

Table 60: Details of the Lease Contract for Rowad Al Khaleej International Schools (Dammam)

Lease Agreement	Second Distinguished Warehousing Company (first party) (lessor)	Al Khaleej Training and Education Company (second party) (Tenant)
Agreement Type	Rental Agreement	
Agreement Scope	Renting a property of four lands in the city of Dammam, deeds No. 630106028707 330113016485 730112017899 23018023590	
Agreement Date	- unspecified date - signed and stamped by the company	
Agreement Subject	A lease agreement in relation to the land of the building ground on which Rowad Al Khaleej International School was built.	
Duration of the Agreement	15 Gregorian years after the commencement date (ends on 25/12/2034G)	
Agreement Value	The first 5 years 18,948,750 Saudi Riyals for a year (payable in two semi-annual payments) The second 5 years 20,369,902 Saudi Riyals for one year (payable in two semi-annual payments) The last 5 years 21,897,649.2 Saudi Riyals for one year (payable in two semi-annual payments)	
Terms of Ending or terminating the agreement	(A) If the tenant fails to pay any eligible amount to the lessor on the due date and (1) fails to remedy such non-payment within fifteen (15) days after receipt of written notice from the lessor detailing the non-payment (first notice of non-payment), and (2) fails to pay the amount referred to within fifteen (15) days after receipt of the second written notice from the lessor, which the lessor may deliver if payment in full has not been received within fifteen (15) days after the delivery of the first notice of non-payment. (B) If the tenant breaches or fails to enforce any other provision of this agreement, violates or fails to enforce any provision of the Service Agency Agreement and fails to remedy such breach or failure within thirty (30) days after receipt of written notice from the Lessor (or a longer period as agreed in writing between the concerned parties).	
Applicable Law	Laws and regulations applicable in the Kingdom of Saudi Arabia	
Settlement of Disputes	The relevant court with judicial competence in Riyadh - Kingdom of Saudi Arabia	
Notes	The property was owned by Al Khaleej Training and Education Company and was sold to Al-Rajhi REIT Fund (through Warehousing Company– the Custodian) for an amount of (244) million Saudi Riyals for the value of the Dammam schools building and property. It was rented back by the Company as a (tenant). Under this lease agreement, a “service agent” contract has been concluded on the same date of the lease agreements, according to which Al Khaleej Training and Education Company, as a (service agent), will carry out the main maintenance work for the property and keep the property fully secured.	

Source: The Company

Table 61: Details of Lease Contract for Baraem Rowad Al Khaleej International (Riyadh)

Lease Agreement	Second Distinguished Warehousing Company (first party) (lessor)	Al Khaleej Training and Education Company (second party) (Tenant)
Agreement Type	Rental Agreement	
Agreement Scope	Renting a property located in the city of Riyadh under deed No.317807001087	
Agreement Date	- unspecified date - signed and stamped by the company	
Agreement Subject	A lease agreement in relation to the land of the building ground on which Baraem Rowad Al Khaleej International School was built.	
Duration of the Agreement	15 Gregorian years after the commencement date (ends on 25/12/2034G)	
Agreement Value	The first 5 years 1,550,000 Saudi Riyals for a year (payable in two semi-annual payments) The second 5 years 1,666,250 Saudi Riyals for one year (payable in two semi-annual payments) The last 5 years 1,791,218.7 Saudi Riyals for one year (payable in two semi-annual payments)	
Terms of Ending or terminating the agreement	(A) If the tenant fails to pay any eligible amount to the lessor on the due date and (1) fails to remedy such non-payment within fifteen (15) days after receipt of written notice from the lessor detailing the non-payment (first notice of non-payment), and (2) fails to pay the amount referred to within fifteen (15) days after receipt of the second written notice from the lessor, which the lessor may deliver if payment in full has not been received within fifteen (15) days after the delivery of the first notice of non-payment. (B) If the tenant breaches or fails to enforce any other provision of this agreement, violates or fails to enforce any provision of the Service Agency Agreement and fails to remedy such breach or failure within thirty (30) days after receipt of written notice from the Lessor (or a longer period as agreed in writing between the concerned parties).	
Applicable Law	Laws and regulations applicable in the Kingdom of Saudi Arabia	
Settlement of Disputes	The relevant court with judicial competence in Riyadh - Kingdom of Saudi Arabia	
Notes	The property was owned by Al Khaleej Training and Education Company and was sold to Al-Rajhi REIT Fund (through Warehousing Company– the Custodian) for an amount of (20) million. It was rented back by the Company as a (tenant). Under this lease agreement, a "service agent" contract has been concluded on the same date of the lease agreements, according to which Al Khaleej Training and Education Company, as a (service agent), will carry out the main maintenance work for the property and keep the property fully secured.	

Source: The Company

Rowad Al Khaleej International (kindergartens) Rental Contracts

- On 22/09/1436H (corresponding to 29/07/2015G), the Company entered into an investment agreement with 1. Manafea Holding Company and 2. Wasatah Capital Company according to the following items:
 - The total financing amount from Manafea Holding Company is up to a maximum of (250,000,000) Saudi Riyals.
 - Al Khaleej is obliged to use the funds provided by Manafea Holding Company to purchase land and pay construction costs for school projects (Kindergartens).
 - Land ownership: Manafea is the official owner of the title deeds of the property.
 - Land Rent: After purchasing the project land had been approved by Manafea and Al Khaleej, lease agreements for schools were signed; under which Al Khaleej pays the Holding Company during the lease term of the land 5% of the purchase price of the land representing the annual rent value. The term of the lease contracts is (20) years.
 - Financial Advisor: Wasatah Financial Company has been appointed as a financial advisor to supervise all financial aspects of purchasing plots of land and school projects construction during the construction period. Al Khaleej pays Wasatah Financial Company a fee of 1% of the total construction costs.
 - Sub-Lease Contract: According to the lease agreement for the two schools in Riyadh (Al-Maqa Neighborhood - Al-Yasmeen Neighborhood), which was rented by Al Khaleej from the Holding Company, Al Khaleej sub-rented the schools to Mr. Muhammad bin Ali bin Ahmed Al-Zahrani, extending to March 2041G.

Call Center Segment

Table 62: Lease Contracts of Smart Link Branches

	Parties of the Contract	Location	Date of signing the contract	Contract Amount	Duration of the contract	Notes	Safety & Municipality License
1	Manafea Holding Company & Al Khaleej Training and Education Company	Riyadh - Al-Ghadeer District (Smart Link)	29/08/1436H (corresponding to 16/06/2015G)	5,812,500 Saudi Riyals/year with a fixed increase of 5% every five Gregorian years	20 Gregorian Years	The agreement is not electronically registered.	not committed
2	Omar Ali Bilsharaf Trading Est. & Al Khaleej Training and Education Company	Riyadh - Al-Morouj District (Smart Link)	29/08/1439H (corresponding to 15/05/2018G)	Total Contract = 12,510,000 Saudi Riyals	8 years start on 01/01/2019G and expires on 31/12/2026G	The agreement is not electronically registered.	not committed
3	Mr. Ayman Bin Jamil Bin Saleh Malaikah & Al Khaleej Training and Education Company	Jeddah - Al-Nahda District (Smart Link)	14/03/1441H (corresponding to 11/11/2019G)	1,400,000 Saudi Riyals	10 years	The agreement is not electronically registered.	not committed
4	Mr. Abdulaziz Abdullah Al-Ajlan & Al Khaleej Training and Education Company	Riyadh – Olaya District (Smart Link)	21/04/1439H (corresponding to 08/01/2018G)	500,000 Saudi Riyals	Two Hijri years starting on 29/04/1439H and expires on 28/04/144H The contract is not automatically renewed unless under a new contract	The agreement is not electronically registered.	not committed
5	Mrs. Dalal bint Ahmed bin Ati Al-Malki & Al Khaleej Training and Education Company	Dammam - Saihat (Smart Link)	20/12/1439H (corresponding to 01/09/2018G)	700,000 Saudi Riyals /year	NA	The agreement is not electronically registered.	not committed
Warehouses							
1	Central Warehouse Company & Al Khaleej Training and Education Company	Renting a warehouse to be used as a general store for the company& its administration in line with the company's activity	16/03/1441H (corresponding to 13/11/2019G)	126,000 Saudi Riyals/year	3 Gregorian years The contract is automatically renewed.	The agreement is not electronically registered.	not committed

Source: The Company

- It is worth mentioning that the Ministry Resolution No. (292) on 16/05/1438H (corresponding to 13/02/2017G), which states that a lease contract that is not registered on the electronic network is not considered a valid contract that produces its administrative and judicial effects, and that the electronic network for rental services has been launched in cooperation between the Ministry of Justice and Housing on 17/05/1439H (corresponding to 03/02/2018G), a circular was issued by the Ministry of Justice approving the application of this to all contracts that are concluded after 04/05/1440H (corresponding to 10/01/2019G).
- Licensed mortgage broker is required to register all residential and commercial rental contracts electronically through the electronic network approved by the Ministry Resolution No. (131) on 03/04/1435H (corresponding to 06/01/2014G), and whoever violates that shall be exposed to penalties stated in the Legislation for Regulating Real Estate Offices, issued by Ministry Decision No. (334) dated 07/03/1398H (corresponding to 15/02/1978G).
- The lessor is committed to appoint a mortgage broker in order to register all lease contracts on the Ministry of Municipal, Rural Affairs and Housing (“Ejar platform”).
- The Company owns a piece of land in the city of Riyadh - Olaya district where the main branch locates and administration work is carried out. The Company also leases some offices to some of the Company’s branches and other companies. The Company is committed to documenting all lease contracts that are concluded after 10/01/2019G electronically on “Ejar platform”.

- As for the sub-rental agreement pertinent to the two Riyadh schools (Al-Maqa neighborhood - Al-Yasmeen neighborhood) for Mr. Muhammad bin Ali Bin Ahmed Al-Zahrani, the Company has not complied with registering the contract electronically.
- With regard to lease contracts in which the Company's status is tenant, not all contracts have been electronically documented on "Ejar platform", accordingly and for the interest of the Company, it must follow up with the lessors and the mediator and oblige them to register the contracts on "Ejar platform".
- The members of the Board of Directors confirm that the lessors referred to in the above table are not related to any of the Board members, senior executives and do not have any direct or indirect interest in these lease contracts.

9-5-3 Service Agreements

9-5-3-1 Contracts and Agreements Related to the Company's Activity in the Training Segment

This segment includes training in all fields, whether for individuals or corporates. It also includes Computer Training, English Language, Administration and stock trading training.

Table 63: Contracts related to the Training Segment

Type of Contract or Agreement	Purpose of Contract or Agreement	First Party	Second Party	Date of signing the contract	Contract Amount	Duration of the Contract	Notes
Service Agreement	Providing training courses through semesters for all computer curricula & programs (Microsoft – Oracle - Cisco-ITIL – Juniper- HP – BMC) The Company must provide everything necessary to conduct the work (qualified and certified trainers, training venues, etc.)	Saudi Arabian Oil Company (Aramco Saudi Arabia)	Al Khaleej Training and Education Company	18/09/1435H (corresponding to 15/07/2014G)	as ordered (according to the price schedule of courses per day)	ends on 14/07/2017G the contract was extended until 13/05/2024G	
Service Agreement	Presenting strategies and innovative solutions to the Company and providing equipment to laboratories of Ithraa Company (Software-Hardware) and other various services.	King Abdulaziz Center for World Culture (Ithraa) ("Ithraa" is an incubator Company owned by Aramco)	Al Khaleej Training and Education Company	15/11/2020G	according to the purchase order: 8,408,177.37 Saudi Riyals	14/11/2020G	Dealing is still in progress according to purchase orders.
				11/11/2019G	according to the purchase order: 11,828,000 Saudi Riyals	31/12/2021G	
	Presenting the project plan and operating timetable. Organizing training courses through three semesters.			01/08/2019G	4,288,680 Saudi Riyals	31/08/2020G	
Strategic Partner Contract	Granting approved Training/Diploma Certificates after completing the training courses in which the beneficiaries were registered with the second party, under the supervision and advice of the first party	Cambridge Training College Britain	Al Khaleej Training and Education Company	05/08/1442H (corresponding to 18/03/2021G)	usage of the name and logo of the first party = \$10 printing the training certificate in London and sending it = \$30 Certificate of Training Diploma and Diploma of Advanced Training = \$40	3 three years	Renewable

Type of Contract or Agreement	Purpose of Contract or Agreement	First Party	Second Party	Date of signing the contract	Contract Amount	Duration of the Contract	Notes
English Language Training Supply Contract	English Language Training for Saudi Border guards	Airbus Arabia Defense Services	Al Khaleej Training and Education Company	04/02/1441 H (corresponding to 03/10/2019G)	17,850,000 Saudi Riyals	until 03/31/2022G	The contract is automatically renewed for one Gregorian year
Project Contract	Professional Training	Ministry of Communications and Information Technology	Al Khaleej Training and Education Company	16/08/1441 H (corresponding to 09/04/2020G)	12,806,083.50 Saudi Riyals	One Gregorian Year	expired contract
Project Contract	Operating English Language Institute at Princess Nourah Bint Abdulrahman University	Princess Nourah Bint Abdulrahman University	Al Khaleej Training and Education Company	09/06/1441 H corresponding to 03/02/2020G	34,964,160 Saudi Riyals	One Gregorian year Starts on 12/01/2020G	expired contract
A contract for providing approved training materials & tests	Providing training products and services, electronic exams and approved passing certificates	Pioneers of Computer Systems for Communications and Information Technology (Rwad Tech	Al Khaleej Training and Education Company	21/06/1442 H (corresponding to 03/02/2021G)	an invoice according to the value of the packages that the second party requests to supply	One Gregorian year Starts on 21/02/2021G and expires on 20/02/2022G	The contract is automatically renewed.
Contract for English Language Academy Services		Sadara Chemical Company	Al Khaleej Training and Education Company	11/11/1437 H (corresponding to 15/08/2016G)	-	25/12/1441 H (corresponding to 14/08/2020G)	
Services Agreement In house training	English Language Training Courses Courses for different Computer Programs	Aluminum Maaden Company	Al Khaleej Training and Education Company	12/08/2018G	schedule of specific prices for each training course	undefined	
Training Agreement	Training the employees of the General Authority of Customs on Microsoft Office Programs	Saudi Customs	Al Khaleej Training and Education Company	12/05/1442H (corresponding to 26/12/2020G)	234,600,00 Saudi Riyals	implementation period (12) Gregorian months from the date of work commencement notification	
Training Agreement	Training Courses on Information System & Cyber Security	General Intelligence Presidency	Al Khaleej Training and Education Company	13/06/1442H (corresponding to 26/01/2021G)	728,180,00 Saudi Riyals	(24) months from the date of signing the contract	
Process Contract	Specialist Operational Empowerment Development Project	Ministry of Labor and Social Development	Al Khaleej Training and Education Company	02/12/1440H (corresponding to 03/08/2019G)	9,386,896 Saudi Riyals	(24) months from the date of signing the contract	

Source: The Company

9-5-3-2 Contracts and Agreements related to the Company's Activity in the Education Segment

- Education Segment is divided into two divisions: Schools and Kindergartens on the one hand and Universities Projects on the other.
- The Company has international schools in Dammam and Riyadh, and these properties were sold to Al Rajhi REIT Fund and leased back (for more details, please refer to Subsection 9-5-2-2 “**Lease Agreements**” of this Section).
- The Company has leased Al Ishraq Schools in Dammam for a period of 20 years in accordance with the Investment Lease Agreement with Al-Rajhi Investment Company. For more details, please refer to the Subsection 9-5-3-2-1 “**Al Ishraq National Schools Agreement (Rowad Al Khaleej National Schools (Dammam))**”
- The Company has university projects that include operating of preparatory years for many Saudi universities. Work in these projects is focused on providing academic staff for the preparatory years and managing human resources according to scientific standards and foundations set by the concerned universities.
- The Company has seven (7) dealings with Saudi universities as follows:

Table 64: Deals with Universities

Type of Contract or Agreement	Purpose of Contract or Agreement	First Party	Second Party	Date of signing the contract	Contract Amount	Duration of the Contract	Notes
Contractual Services Agreement	Teaching English Language Courses for students of the Deanship of Educational Services at Qassim University	King Abdulaziz University	Al Khaleej Training and Education Company	25/06/1442 H (corresponding to 07/02/2021G)	4,823,376 Saudi Riyals	four months Starting from 25/06/1442 H (corresponding to 07/02/2021G) & ends on 24/10/1442H (corresponding to 04/06/2021G)	renewable
Contractual Services Agreement	Operating & managing English language program of the joint first year at Majma'ah University	Majma'ah University	Al Khaleej Training and Education Company	14/12/1441H (corresponding to 04/08/2020G)	7,499,248.90 Saudi Riyals	one academic year from the beginning of the year 1442H	Mandate
Contractual Services Agreement	Running Preparatory Year Courses	King Khalid University	Al Khaleej Training and Education Company	16/12/1442 H (corresponding to 26/07/2021G)	11,300,813.96 Saudi Riyals	12 Gregorian months Starting from 26/07/2021G	confirmation
Contractual Services Agreement	Running Preparatory Year Courses at Bisha University	University of Bisha	Al Khaleej Training and Education Company	01/03/1442 H (corresponding to 18/10/2020G)	3,994,491 Saudi Riyals	one year from the date of site reception	Confirmation is sufficient and will be considered as a contract.
Project Operating Contract	Running English Language Courses for preparatory year students (Male and Female) at the Institute of Language Teaching at the main campus at the University of Tabuk.	Tabuk University	Al Khaleej Training and Education Company	14/02/1442 H (corresponding to 01/10/2020G)	17,853,060 Saudi Riyals	for the academic year 1440H / 1441H	
Project Operating Contract	Running English Language Skills Courses at the English Language Center at the University of Tabuk - Branches (Male and Female)	Tabuk University	Al Khaleej Training and Education Company	14/02/1442 H (corresponding to 01/10/2020G)	9,819,845.40 Saudi Riyals	for the academic year 1440H / 1442H	
Project Contract	Teaching English, Computer and Mathematics courses for preparatory year students	University of Hail	Al Khaleej Training and Education Company	06/11/1440 H (corresponding to 19/07/2019G)	82,648,472.50 Saudi Riyals	three years until 2022	award letter

Source: The Company

9-5-3-2-1 Al Ishraq National Schools Agreement (Rowad Al Khaleej National Schools (Dammam))

- On 23/10/1437H (corresponding to 28/07/2016G), the Company signed a commercial project agreement with "Mohammed Abdulaziz Al-Rajhi Investment Company" to rent an educational activity in the name of "Al Ishraq Schools" under the Ministry of Education's permit No. 4310011000 and No. 427310010 and under a commercial registration No. 2050065522, on 23/06/1430H (corresponding to 17/06/2009G) in the name of "Ajialuna Educational Company", a limited liability company.
- The two parties agreed that the property total purchase amount is (32,500,000) Saudi Riyals and shall be paid by Al-Rajhi Investment Company for the benefit of the property owners, namely: A- The Advanced Educational Company B- Ajialuna Educational Company as follows:
 - Al-Rajhi Investment Company is obliged to pay an amount of (27,500,00) Saudi Riyals, which is the value of the land and buildings, as well as the value of pursuing that amount for the benefit of the property owner.
 - Al Khaleej Training and Education Company is committed to paying an amount of (5,000,000) Saudi Riyals, the value of the educational activity, the name of the school, movables such as furniture and cars, as well as the value of pursuing that amount.

Ownership after Discharging:

- Al-Rajhi Investment Company owns the land and construction buildings according to the deed of ownership that has been discharged.
- Al Khaleej owns the name of the schools, the license to practice the educational activities, and the movable assets of furniture and cars, which will be transferred to them after the end of the investment lease contract with Al Rajhi Investment Company.
- Schools debts amounting to 1,491,000 Saudi Riyals to be paid to Al Khaleej Training and Education Company based on coordination with the property owner.
- Al Khaleej Training and Education Company bears schools debts amounting to (1,243,000) Saudi Riyals based on coordination with the property owner.
- Al Khaleej acknowledges that it is not a partner in the land or buildings, but rather an investor by leasing from Al Rajhi Investment Company.

Members of the Board of Directors have no direct or indirect interest in the above agreement.

9-5-3-3 Agreement related to the Company's activity in the Call Centers Segment

- The Company provides Smart Link services, which provide solutions and services to support business by entail and operation through providing various human cadres in different specialties (information technology - sales and marketing - different departments - customer services and call centers).
- Smart Link provides solution services to the integrated call centers including in-house services and out-source services, in addition to solutions for establishing, supplying, installing, operating, managing, monitoring and controlling the performance of call centers for technical support, modern customer services and support according to the latest international standards and modern technologies.
- Operations headquarters of Smart Link are distributed in the three main cities (Riyadh - Jeddah - Dammam) with governmental and semi-governmental agencies.
- The percentage of sales of the Call Centers Segment in 2019G was (41.8%) of the Company's sales, and 47.8% in 2020G.

The following are the main Call Centers services contracts provided by the Company:

Table 65: Main Call Centers Contracts

Type of Contract or Agreement	Purpose of Contract or Agreement	First Party	Second Party (Service Provider)	Date of signing the contract	Contract Amount	Duration of the Contract	Notes
Service Contract	Smart Link	Alula Royal Commission	Al Khaleej Training and Education Company	17/08/1441H (corresponding to 10/04/2020G)	763,140 Saudi Riyals	one year from 10/07/2020G until 10/07/2021G	-
Project Contract	Establishing, operating and managing of the National Call Center "A'amer 2"	Ministry of Communications and Information Technology	Al Khaleej Training and Education Company in cooperation with Al Khaleej Computer and Electronic Equipment Company	28/10/1439H (corresponding to 12/07/2018G)	only 86,444,808 Saudi Riyals	36 Gregorian months from the date of work commencement notification	-
Project Contract	Project to provide specialized consulting services for the e-transformation program	Communications and Information Technology Commission	Al Khaleej Training and Education Company	29/02/1440H (corresponding to 07/11/2018G)	4,595,872 Saudi Riyals This contract includes Value Added Tax (Not inclusive of all costs, expenses, tax, fees, travel, accommodation or communication costs).	18 Gregorian months start on 01/12/2018G.	-
Purchase Contract	purchase of merchandise	Dammam Airports Company	Al Khaleej Training and Education Company	17/05/1440H (corresponding to 23/01/2019G)	489,447 Saudi Riyals	one year	expired contract
Direct Customer Services Operation & Management Contract	Operating and managing direct customer services at King Fahd International Airport	Dammam Airports Company(DACO)	Al Khaleej Training and Education Group	29/02/1440H (corresponding to 07/11/2018G)	2,321,000 Saudi Riyals (Including all fees, tax and value added tax)	one Gregorian year	expired contract
Supply Contract	providing a unified communication system to take care of customers of the General Authority of Civil Aviation, King Abdul-Aziz International Airport and other domestic airports	General Authority of Civil Aviation	Al Khaleej Training and Education Company	04/04/1442H (corresponding to 19/11/2020G)	2,129,367.60 Saudi Riyals	one year starting from the date of business commencement	-
Contract for providing Call Center Services	establishing a Customer Support Call Center	Lean Business Services Company	Al Khaleej Training and Education Company		The value of the contract is calculated based on number of employees of the work team. The ceiling of the total value of the contract does not exceed a maximum of (9 million Saudi Riyals).	3 Gregorian years Starting from 14/01/2020G and end on 13/01/2023G	-
Project Contract	improving the efficiency and effectiveness of complaints (940) Operational services of the Communications Follow-up Center	Ministry of Municipal and Rural Affairs	Al Khaleej Training and Education Company	11/04/1442H (corresponding to 26/11/2020G)	19,680,980.40 Saudi Riyals	24 Gregorian months from the date on which the contractor was officially informed of work commencement	-

Type of Contract or Agreement	Purpose of Contract or Agreement	First Party	Second Party (Service Provider)	Date of signing the contract	Contract Amount	Duration of the Contract	Notes
Service Supply Contract	providing marketing & sales services for the housing program	National Housing Company	Al Khaleej Training and Education Company	15/11/1440H (corresponding to 18/07/2019G)	18,832,557 Saudi Riyals	one Gregorian year from the date of the purchase order corresponding to 02/05/2019	renewable
Agreement	external Call Center Services	Health Water Bottling Company Ltd.	Al Khaleej Training and Education Company	23/08/1440H (corresponding to 28/04/2019G)	895,608 Saudi Riyals	One Year	renewable
Operating Services Contract	providing proxy Call Center Operation Services	Riyadh International Food Company	Al Khaleej Training and Education Company	15/08/1439H (corresponding to 01/05/2018G)	monthly service fee (invoice) is paid on a monthly basis	Three Years	expired contract
Agreement	external Call Center Services	Samsung Gulf Electronics Company	Al Khaleej Training and Education Company	25/04/1440H (corresponding to 01/01/2019G)	56,689 USD	The contract expires on 31/12/2019G	expired
Contract Agreement	operating technical and guidance support services, telephone communication, and follow-up of customer inquiries and transactions	The National Center for E-Learning and Distance Education at the Ministry of Higher Education	Al Khaleej Training and Education Company	08/05/1439H (corresponding to 25/01/2018G)	998,940 Saudi Riyals	One Gregorian Year	renewable
Management & Operation Contract	Managing and operating the Subscriber Service Center	Saudi Electricity Company	Al Khaleej Training and Education Company	14/02/1442H (corresponding to 01/10/2020G)	A bank guarantee of 2,367,209 Saudi Riyals has been provided	The contract expires on 23/02/1443H (corresponding to 30/09/2021G)	automatically renewed
Operating Agreement	Running a Call Center	Saudi Arabia Railways Company(SAR)	Al Khaleej Training and Education Company	29/03/1442H (corresponding to 15/11/2020G)	Call Center Officers = 6,507 Saudi Riyals/per month Call Center supervisors = 8,234 Saudi Riyals /per month Quality Supervisor = 7,440 Saudi Riyals/per month	3 Gregorian years from 16/10/2020G	renewable
Operating Services Contract	Operation of public support(logistics) services	Simah Saudi Credit Bureau	Al Khaleej Training and Education Company	24/07/1439H (corresponding to 10/04/2018G)	8,453 Saudi Riyals per employee/ month	One Gregorian Year	renewable
Project Contract	To implement and operate a unified call center	State Property General Authority	Al Khaleej Training and Education Company	24/02/1442H (corresponding to 11/10/2020G)	1,064,297.40 Saudi Riyals		award notice
Agreement	running the call center	Takamol Holding	Al Khaleej Training and Education Company	02/02/1440H (corresponding to 11/11/2018G)	per month according to the data bill	expires on 30/06/2019G	expired agreement
Operating Agreement	running the call center within the customer service department	Tatweer Educational Transportation Services Company	Al Khaleej Training and Education Company	04/04/1441H (corresponding to 01/12/2019G)	3,306,983.40 Saudi Riyals	24 months	renewable

Type of Contract or Agreement	Purpose of Contract or Agreement	First Party	Second Party (Service Provider)	Date of signing the contract	Contract Amount	Duration of the Contract	Notes
Operating Contract Agreement	providing manpower to operate call center services	United Motors Company	Al Khaleej Training and Education Company	28/11/1441H (corresponding to 19/07/2020G)	Call Center Service representatives (good English level) = 6,844.85 Saudi Riyals per employee/ month Call Center Service Representatives (Advanced English Level) = 7,546.10 Saudi Riyals per employee/ month Call Center Service Representatives (Team Leader) = 8,288.75 Saudi Riyals per employee/ month	One Year	Contract is automatically renewed.
Operating Agreement Contract	Operation and management of call center services	View Bottled Water Company	Al Khaleej Training and Education Company	25/06/1441H (corresponding to 19/02/2020G)	207,900 Saudi Riyals	One Year	Contract is automatically renewed.
Master Service Agreement	Operation & Services	Banque Saudi Fransi	Al Khaleej Training and Education Company	29/02/1435H (corresponding to 01/01/2014G)	monthly according to the data bill	One Year	Contract is automatically renewed.
Supply Contract	Installation and Operation of the Unified Call Center	Ministry of Energy	Al Khaleej Training and Education Company	04/09/1441H (corresponding to 27/04/2020G)	39 Gregorian months Starting from the date of signature		-
Service Contract	providing labor services (employment services)	Al Bilad Bank	Al Khaleej Training and Education Company	12/05/1436H (corresponding to 3/3/2015G)	According to a table showing the prices of human cadres' wages including allowances and fees	One year starts from the date of signing the contract and it is automatically renewed.	-
Operation Contract	(supporting and stimulating tourism investment in the regions of the Kingdom No. 131/2017)	General Authority for Tourism and National Heritage	Al Khaleej Training and Education Company	05/01/1439H (corresponding to 25/09/2017G)	4,684,104 Saudi Riyals	Three Gregorian years Starting from the date of signing the contract	There is no renewal for this contract
Operation Contract	operating the call center and taking care of the beneficiaries	Tatweer Company for Educational Services	Al Khaleej Training and Education Company	03/02/1442H (corresponding to 20/09/2020G)	14,147,520 Saudi Riyals	12 Gregorian months start from the contract signing date	
Operation Contract	Introducing the operation of the fund's call center	Human Resources Development Fund	Al Khaleej Training and Education Company	10/02/1441H (corresponding to 09/10/2019G)	(17,163,200,00) Saudi Riyals	12 Gregorian months start from the contract signing date	
Service Contract	providing Labor Services (Business Sector), support and operation	Riyadh Bank	Al Khaleej Training and Education Company	23/03/1437H (corresponding to 03/01/2016G)	One Gregorian year starts from 01/01/2016G and ends on 31/12/2016G renewable	Undefined	This contract is renewed and is considered the basic contract concluded between the two parties on 29/09/2013G.

Type of Contract or Agreement	Purpose of Contract or Agreement	First Party	Second Party (Service Provider)	Date of signing the contract	Contract Amount	Duration of the Contract	Notes
Service Contract	offering and providing services for establishing, managing and operating a unified call center (residential product)	National Housing Company	Al Khaleej Training and Education Company	25/09/1441H (corresponding to 18/05/2020G)	53,512,918.20 Saudi Riyals	12 Gregorian months start from the contract signing date	
Operation Contract	Implementation of the unified call center operation	Saudi Food and Drug Authority	Al Khaleej Training and Education Company	09/12/1441H (corresponding to 30/07/2020G)	3,561,439.60 Saudi Riyals	One Gregorian year starting from the date of receiving the site.	
Service Contract	Implementation of customer care call center management services	Saudi Energy Efficiency Center	Al Khaleej Training and Education Company	06/01/1442H (corresponding to 25/08/2020G)	311,631.60 Saudi Riyals	One Gregorian year Starting from the date of this contract.	
Operating Services Contract	Operating the Authority's call center services	Saudi Council of Engineers	Al Khaleej Training and Education Company	08/02/1441H (corresponding to 07/10/2019G)	2,560,194 Saudi Riyals	Three Gregorian years from the date of work commencement notification.	
Operation Contract	implementation of operational project for the unified call center of the General Authority for Competition	The General Authority for Competition	Al Khaleej Training and Education Company	05/01/1442H (corresponding to 24/08/2020G)	1,054,545.40 Saudi Riyals	36 Gregorian months starting from the date of activating the regulations and implementing them by the government entity	
Service Contract	providing call center services for the expatriate screening program	Lean for Business Services	Al Khaleej Training and Education Company	04/11/1440H (corresponding to 07/07/2019G)	a maximum of 554,850 Saudi Riyals paid monthly	One Gregorian year from 07/07/2019G to 06/07/2020G	The value of this contract is calculated based on the number of employees of the work team, but does not exceed the ceiling of the total value stated here
Management System & Complaints Handling Project Contract	Expansion, Development, Support, Maintenance and Operation of their safety system implementation project	Saudi Arabian Monetary Authority	Al Khaleej Training and Education Company	01/12/1441H (corresponding to 22/07/2020G)	9,824,510 Saudi Riyals	one Gregorian year starting from the date of the confirmation letter. extendable	
Supply Contract	activation project of call center for the citizen's account	Ministry of Labor and Social Development	Al Khaleej Training and Education Company	12/06/1441H (corresponding to 06/02/2020G)	23,903,397 Saudi Riyals	12 Gregorian months Starting from the date of project reception	
Project Services Contract	managing and operating collection services call center	Real Estate Development Fund	Al Khaleej Training and Education Company	13/01/1442H (corresponding to 01/09/2020G)	12,787,296.90 Saudi Riyals	One Gregorian year Starting from the date of the start of work	
Operating Services Contract	operating the emergency call center 1920	Saudi Authority for Industrial Cities and Technology Zones	Al Khaleej Training and Education Company	08/01/1442H (corresponding to 27/08/2020G)	727,512 Saudi Riyals	One Gregorian year starting from the date of signing the contract	

Type of Contract or Agreement	Purpose of Contract or Agreement	First Party	Second Party (Service Provider)	Date of signing the contract	Contract Amount	Duration of the Contract	Notes
Operation Contract	introducing the operation of the fund's call center	Human Resources Development Fund	Al Khaleej Training and Education Company	03/02/1442H (corresponding to 20/09/2020G)		9 months starting from 09/10/2020G	The extension of the previous contract is on 09/10/2019G To compensate the Company of the suspension period, which starts from the beginning of the project in October until the month of July
Operation Contract	operation and management of the Contact Center	Saudi Arabian Monetary Authority	Al Khaleej Training and Education Company	09/08/1440H (corresponding to 14/04/2019G)	31,999,824 Saudi Riyals	three years, starting from 01/01/2020G	
Service Contract	Call Center Operation Service	Najm Insurance Services Company	Al Khaleej Training and Education Company	21/03/1441H (corresponding to 18/11/2019G)	158,840 Saudi Riyals a month	6 Gregorian months, starting from 01/12/2019G It is renewed upon agreement of the concerned parties	
Operation Contract	Unified Call Center Operation Project	Social Development Bank	Al Khaleej Training and Education Company	28/11/1438H (corresponding to 20/08/2017G)	4,995,588 Saudi Riyals	36 Gregorian months from the date of work site reception	
Service Contract	Project of providing manpower services to operate the call center and technical support for the IVR system	Council of Cooperative Health Insurance	Al Khaleej Training and Education Company	10/03/1442H (corresponding to 27/10/2020G)	4,958,352 Saudi Riyals	one Gregorian year starting from 01/04/2020G	
Project Management Agreement	project of operating the communication center of the General Authority of Zakat and Tax	General Authority of Zakat and Tax	Al Khaleej Training and Education Company	06/03/1441H (corresponding to 03/11/2019G)	10,398,710.15 Saudi Riyals	13 months from 01/12/2019G	
Project Management Agreement	Comprehensive Service Center Project Management	Ministry of Finance	Al Khaleej Training and Education Company	28/03/1441H (corresponding to 25/11/2019G)	20,608,379 Saudi Riyals	26 Gregorian months starting from the date of confirmation	

Source: The Company

The Company's contracts with governmental agencies (ministries, governmental authorities, administrations, public organizations and independent companies) referred to in the above table are subject to the Government Tenders and Procurement Law, which requires the companies that have contracts with governmental authorities to trace the following clauses:

- 1- Continuity of maintaining the qualification criteria on which the contract was awarded.
- 2- Continuity of maintaining the necessary conditions for carrying out works and securing purchases in accordance with the system and its implementing regulations.
- 3- The term of service contracts with continuous implementation shall not exceed five years, and it may be increased for contracts with a nature requires that; after approval of the Ministry of Finance.
- 4- Continuity of maintaining the level of performance in accordance with the agreed standards and scale to provide the service. In the event of any regression, the concerned government entity may terminate the contract or reduce payments if the performance is not satisfactory.
- 5- Continuity of maintaining the transfer of knowledge, training and operational skills to the employees of governmental agencies.
- 6- Provide a final guarantee of (5%) of the contract value

- 7- Maintaining the final guarantee until the Company fulfills its obligations and the concerned governmental entity finally receives the project, in compliance with the terms and conditions of the contract.
- 8- The government entity may - within the limits of its actual needs - issue change orders by increasing the contract not exceeding (10%) of its value, and it may issue change orders by reducing it by no more than (20%) of its value.
- 9- The Company may not assign the contract or part of it to another contractor, entrepreneur or supplier without obtaining written approval from the governmental entity and the Ministry of Finance.
- 10- It is not permissible to subcontract with another contractor, entrepreneur or supplier without obtaining a written approval from the governmental authority.
- 11- If the Company fails to fulfill its obligations; A fine not exceeding (20%) of the contract value may be imposed, with deduction of the value of the unexecuted works.
- 12- The government entity may withdraw part of the business and purchases and implement them on the company's account; If it breaches its contractual obligations after being warned.
- 13- The government entity shall evaluate the performance of the Company after the completion of its implementation of the contract, using the contractors' performance evaluation form. The results of the contractor performance appraisal shall not be made public; unless the evaluation decision is final.
- 14- The government entity may terminate the contract if the public interest requires so, or if the termination is agreed upon with the contractor, after the approval of the Ministry.

Except for what was mentioned in Section 2 "Risk Factors" of this Prospectus, the members of Board of Directors confirm that neither the Company nor any of its branches are a party to a subcontract agreement for the purpose of implementing any of its existing projects as indicated in the above tables and has never been subjected to any warning or a fine from any government authority during the previous three years (2018G, 2019G, 2020G).

9-5-3-4 Maintenance Agreements with Contractor

The Company has entered into several agreements with contractors in order to supervise the buildings in which the Company operates, the following are the main maintenance agreements:

Table 66: Maintenance Agreements

	Project Name	Supplier / Contractor Name	Contract value without tax	Beginning of the Contract	Duration of the Contract
1	Organizing the bidding and supervising the implementation (Khobar Schools Complex)	Abdul Ilah Al Muhanna Engineering Consulting Office	2,550,400 Saudi Riyals	05/02/2020G	24 months
2	Excavation and dewatering works (Khobar Schools Complex)	First Period Company	2,358,925 Saudi Riyals	03/09/2020G	3 months
3	Construction Work (Khobar Schools Complex)	First Design Contracting and Decoration Company	78, 183,710 Saudi Riyals	27/12/2020G	24 months
4	finishing the Ladies Training Center (Riyadh Al-Nuzha District)	Afnan Al Hijaz Foundation	1,288,815 Saudi Riyals	21/01/2021G	Two months
5	maintenance work of the air conditioning system and modernization of the control system for refrigeration units (General Administration Building - Olaya)	Arab Air Conditioning CompanyLtd.	378,900 Saudi Riyals	24/01/2021G	Three months
6	completing the work of safety systems and handing them over to the Civil Defense (General Administration Building - Olaya)	Savan Contracting Est	1,580,287 Saudi Riyals	27/07/2019G	Three months
7	Civil works to implement safety requirements (General Administration Building - Olaya)	Genius of the East Contracting Est.	425,500 Saudi Riyals	20/10/2019G	Four months
8	preparation work for Spectrum Center and Vogue Salon (Khobar)	Majid Al-Bitar Contracting Est.	1,153,150 Saudi Riyals	07/03/2021G	Three months

Source: The Company

9-5-4 Franchise Contracts

The Company has signed a number of Franchising Contracts with a number of companies and organizations inside and outside the Kingdom as franchise agents for foreign brands.

Most of the agreements include the following basic clauses:

- a- The franchise business and its description, the duration of the franchise agreement, the method for its amendment, and its geographical scope.
- b- Any consideration that the franchisee must pay to the franchisor, including the franchise fee, the fee for training the franchisee staff (if any), technical support, and the mechanism for calculating any amount paid as for goods or services provided to the franchisee by the franchisor or anyone in his group.
- c- Obligations of both parties regarding the franchisor's training of the franchisee employees.
- d- The franchisor's obligation to provide technical, marketing and other expertise that the nature of the granted franchise requires.
- e- Obligation of the franchisee to abide by the instructions, method of marketing, presentation and preservation of the identity of the franchise.
- f- Any obligations of the franchisor related to the supply of any goods or services to the franchisee, and the obligation of the franchisee to obtain that good or service from the franchisor directly or through a third party according to instructions of the franchisor.
- g- The rights of the franchisee to use any trademark and any other intellectual property rights related to the franchise business and the obligations of both parties in case of a breach of intellectual property rights and the resulting compensation.
- h- Mechanism for settling any dispute related to the franchise agreement.
- i- The extent of the franchisee eligibility to grant a sub-franchise to others, and the provisions of that act.
- j- Effects of any change in the ownership of the franchisee, the franchisor, or the person controlling any of them.

Table 67: List of Franchise Contracts

	Franchisor	Franchisee	Franchise Subject	Franchise Duration	Sublicense	The company's commitment to the trademark system
1	Linguaphone Limited Company, a Company registered in the United Kingdom	The Company	Distribution and Sale of Direct English Program Geographical scope: The Company has the right to provide this service of English Language Training in Saudi Arabia and the Middle East.	undefined	According to the agreement, the Company, as (the franchisee), has the right to conclude contracts with others (sub-agreement). The Company has concluded sub-contracts with (8) companies inside the Kingdom that have the technical and financial capabilities to benefit from this service and this system. According to Article (32) of the Trademarks Law, the beneficiary of the license may assign it to others or grant a sub-license if it is approved and agreed upon.	1. The Company has not authenticated, ratified or translated the license contract into Arabic with trademarks concerned department, in accordance with the requirements of Article (7) of the implementing regulations of the Trademarks System issued by Royal Decree No. 21 on 28/05/1423H (corresponding to 07/08/2002G). 2. The Company has registered (Direct English) mark in three categories at the Ministry of Commerce in the Kingdom.

	Franchisor	Franchisee	Franchise Subject	Franchise Duration	Sublicense	The company's commitment to the trademark system
2	Greenberry's Company, a Company registered in the United States of America	The Company	Cafés specializing in coffee, tea and many types of bakery goods. Geographical scope: Saudi Arabia	The term of the agreement is 10 years, starting from 12/08/2013G		<p>1. The Company has documented, authenticated and translated the license contract (franchise) into Arabic with the trademarks concerned department, in accordance with the requirements of Article (7) of the implementing regulations of the Trademarks System issued by Royal Decree No. 21 on 28/05/1423H (corresponding to 07/08/2002G) in accordance with the license granted to it which expires on 25/01/1445H (corresponding to 11/08/2023G). In all cases, the license period may not exceed the period prescribed for trademark protection.</p> <p>2. The Company has registered a group of (Greenberry's Coffee) trademarks with the Ministry of Commerce, (for more details on trademark registration certificates, please refer to Subsection 9-8 "Trademarks" of this Section.</p> <p>There is no license from the Food and Drug Authority, knowing that the current operation is a cafeteria inside the main building of the Company.</p>
3	New Horizons is a Company registered in the United States of America	The Company	Computer Training Programs Geographical scope: The Company has the right to provide this service for training on the use of computers in Saudi Arabia and the Middle East	It was extended on 01/01/2018G to 31/12/2027G	<p>According to the agreement, the Company, as (the franchisee), has the right to contract with others (sub-agreement).</p> <p>The Company has entered into sub-agreements with (7) companies within the Kingdom, (1) in the Republic of Egypt, and (1) in the United Arab Emirates. They work in the field of independent computer-related education and training bodies.</p> <p>According to Article (32) of the Trademarks Law, the beneficiary of the license may assign it to others or grant a sub-license if it is approved and agreed upon.</p>	<p>1. The Company has not authenticated, ratified or translated the license contract into Arabic with trademarks concerned department, in accordance with the requirements of Article 7 of the implementing regulations of the Trademarks System issued by Royal Decree No. 21 on 28/05/1423H (corresponding to 07/08/2002G).</p> <p>2. The Company has not registered the trademark (New Horizons) with the Ministry of Commerce in the Kingdom as yet.</p> <p>3. Work is in progress to document the franchise agreement with the competent authorities in the Kingdom.</p>
4	Plating Company is a Company licensed to "Formula A" and is a registered trademark at the National Institute of Intellectual Property - Patent Office in France.	Usage of both the name and elements representing the brand "Formula A", but only as a banner and not as an enterprise or trade name.	providing professional training programs for women in the field of hair cutting and make-up art. Geographical scope: Saudi Arabia	Seven years from the date of signing the agreement, it is automatically renewed for a period of two years unless one of the parties notifies the other of its desire not to renew at least six months before the agreement expiry date is due.	not permitted	The Company has not authenticated, ratified or translated the license contract into Arabic with trademarks concerned department, in accordance with the requirements of Article (7) of the implementing regulations of the Trademarks System issued by Royal Decree No. 21 on 28/05/1423H (corresponding to 07/08/2002G).

Source: The Company

The Company has dealings with the Online Trading Academy Company, and work is currently in progress to conclude a franchise agreement between them.

Except for what was mentioned in Section 2 "Risk Factors" of this Prospectus, the Company is compliant with the regulations and instructions of the Ministry of Commerce in terms of implementing the franchise system and the trademark law.

9-6 Loans and Credit Facilities

The Company has obtained loans and credit facilities from local commercial banks to finance its expansion business and operate its facilities. The following is an overview of the facilities and loan agreements obtained by the Company and which are still in place as of the publication date of this Prospectus:

Table 68: Loans and Credit facilities as of 09/09/2021G

Financier	Facility Expiry Date	Credit Limit (Saudi Riyals)	Amounts Used* (Saudi Riyals)	Notes
Riyad Bank	07/04/2021G	267,000,000	174,000,000	request for extension of credit facilities is under revision
Arab National Bank	06/30/2021G	122,301,250	119,000,000	request for extension of credit facilities is under revision
Banque Saudi Fransi	02/12/2021G	214,000,000	72,492,939	On 31/05/2021G, a new agreement was signed to extend the credit facilities period with the same terms and conditions as the previous agreement, with an amount of: (100,000,000) Saudi Riyals. Whereas, the expiry date of the credit facilities period is on 29/06/2022G.
Saudi British Bank	31/01/2022G	88,500,000	30,000,000	
Al Rajhi Bank	31/07/2021G	20,000,000	12,000,000	
Alinma Bank	17/06/2021G	60,000,000	55,500,000	Credit facility period has been extended for another Gregorian year.
Bank AlJazira	24/12/2021G	88,000,000	8,000,000	

Source: The Company

Conditions of some existing financing facilities limit the Company's ability to carry out certain types of procedures, for example, amending its Bylaws, making changes in the capital, structuring the Company's ownership or imposing restrictions on the Company not to distribute profits exceeding a specified percentage without obtaining the prior approval of the creditor. The following are the most prominent obligations of the Company in accordance with the facilities agreements concluded with local banks:

1- Riyad Bank Agreement, concluded on 07/04/2020G

- Of breach cases: in case the Company's legal status, ownership structure, or management is modified, or taking any decisions that would affect its obligations to the bank without consulting and obtaining a prior written approval from the bank to do so.
- Among the Company's responsibilities:
 - Any change to the entity of the Company, whether in the legal form of the Company/ partners and the limits of their liability / capital / obligations to third parties / activity / eligibility / capacity, and its legal representatives / limits of their powers or otherwise will not in any way affect the continued enforcement of this agreement, the Company is obliged to notify the bank immediately upon making this change and the procedures for publicizing it, by submitting the statutory documents indicating this to the acceptable extent at the bank, in addition to immediately signing the documents and providing any other guarantees required by the bank.
 - Providing the bank with any other information related to the company's business or financial position, including any change in its financial position.
- Submitting a promissory note for an amount of (357,500,00) Saudi Riyals.

2- Arab National Bank Agreement, concluded on 20/02/2020G and extended on 17/06/2020G

- The Company acknowledges maintaining its financial, administrative and legal position as well as the ownership of the facility and not changing its activity.
- Of breach cases: any change in ownership or control of the Company.
- Guarantees were given as follows:
 - A promissory note for an amount of (130,000,00) Saudi Riyals.

- Submit a letter of no objection to issue guarantees on behalf of companies in which Al Khaleej Training and Education Company owns more than (50%).
- Fundamental assignment of dues for project contracts with value exceeds five million Saudi Riyals, for which the bank has issued their final guarantees or an advance payment.
- On 05/10/2020G, the Company signed an agreement to “mortgage shares listed on the stock market” as a guarantee and insurance to fulfill all its obligations towards the creditor, in accordance with the facilities agreement concluded on 20/02/2020G, through pledging a number of stock (5,230,125) shares with a nominal value (10) Saudi Riyals. The Company’s mortgage for the benefit of Arab National Bank is a mandatory and enforceable mortgage for all the shares mentioned above, as well as the related contents, rights and benefits such as splitting them, bonus shares and shares resulting from exercising the rights issue and the fruits of multiplier/ compounding and liquidation shares. The mortgagee (the Arab National Bank) shall have the right to receive the profits resulting from the pledged shares and what is recovered from the capital in the event of a reduction in the issuer’s capital, combination or acquisition, and to use all rights related to the pledged shares except for attending or voting at the general or special assemblies of shareholders.
- Mortgage and seizure of all the assets of the investment portfolio and all the account assets including cash, investment and non-investment accounts for the benefit of Arab National Bank. In addition, mortgaging all the financial assets at the Arab National Investment Company under the investment portfolio No. (11874192).

3- Banque Saudi Fransi Agreement, concluded on 02/12/2020G and extended on 31/05/2021G

- Of breach cases:
 - If the Company takes any institutional action or if it takes other steps or judicial procedures to terminate, dissolve or restructure itself.
 - If the Company sells, conducts, transfers, disposes of, whether in one or more operations (whether related or not), all of its revenue or property or any of them.
 - When making any material change in the structure of the Company’s capital.
- Guarantees were given as follows:
 - A promissory note for an amount of (296,914,012) Saudi Riyals.
 - Assigning the proceeds of contracts concluded with (Colleges of Excellence Company).
 - Mortgage of title deeds with a minimum of (75,000,000) Saudi Riyals to cover 75% of the financing of Tawarruq.
 - Assignment of the proceeds of approved insurance claims to Banque Saudi Fransi.
 - Assigning the proceeds of Ministry of Education contract for Hail Project No. 18/0234.
 - Assigning the proceeds of the Social Development Bank agreement to operate (Dulani Project) No. 60/2019.
 - Assignment of the proceeds of the contract with the Electricity Company No. 4400013809.
- The Company entered into new guarantees in accordance with the agreement extension on 31/05/2021G:
 - Directing Rights Issue proceeds to the Company’s account in Banque Saudi Fransi.
 - Mortgaging the new school’s ownership title deeds with coverage limits of a minimum of 120% of the financing amount during June 2022G in case the Rights Issue is not completed by June 2022G.

4- Saudi British Bank Agreement, concluded on 28/02/2021G

- It is the responsibility of the Company to inform the bank of any actual or expected changes that occur to the legal status or the registered address of the Company and any amendments to the Articles of Association or the Bylaws of the Company.
- In case of a change in the ownership, the Bank reserves its right to amend the terms and conditions of the current credit facilities by requesting additional guarantees, demanding payment of the amounts due, canceling the limits or suspending the use of the granted credit facilities.
- A promissory note for an amount of (83,500,000) Saudi Riyals.
- A promissory note for an amount of (5,000,0000) Saudi Riyals.

5- Al Rajhi Bank Agreement, concluded on 24/03/2020G

Among the Company's commitments:

- Issuance of shares: The Company must ensure and require all obligors to ensure that no member of the group issues any new shares or change any rights associated with the issued shares on their date, without obtaining the prior written approval of the bank.
- Dividends: The Company shall ensure and require all obligors to ensure that no member of the group pays, distributes or announces dividends or other distributions, without obtaining the prior written approval of the bank.
- No change in ownership: It is prohibited to make any change in the Company's capital without the prior written approval of the bank.
- Update Know Your Customer (KYC) information: The Company, on its own behalf and on behalf of the obligors, must immediately notify the bank of any change in its name, legal status, founding documents or ownership.

A promissory note for an amount of (20,503,976) Saudi Riyals.

6- Alinma Bank Agreement, concluded on 17/06/2020G

– Among the Company's commitments:

- Notifying the bank of any possible change to its legal form or ownership percentage, prior to making that change.
- Providing the bank with all the financial information of its financial position, including any change in its financial position or the occurrence of any situation that may have a negative impact on its ability to fulfill its obligations.

– Guarantees:

- A promissory note for an amount of (60,000,000) Saudi Riyals.

7- Bank Al-Jazira Agreement, concluded on 26/12/2019G and renewed on 23/12/2020G

– The Company undertakes to provide the bank with all financial information related to its position; for instance, any change in its financial position, or the occurrence of any situation that may have a negative impact on its ability to fulfill its obligations.

– The Company commits to provide the bank with all legal documents of the Company (Incorporation Documentation, Commercial Registration and all amendments...) as well as providing the bank with any amendments made to the Bylaws or their appendices as soon as they occur.

– The Company undertakes to maintain the net rights of the partners at no less than (550,000,000) Saudi Riyals, until all its obligations towards the bank are fulfilled.

– Guarantees:

- A promissory note for the amount of (93,000,000) Saudi Riyals.
- Assignment in favor of the bank of the proceeds/receivables of projects/contracts financed and accepted by the bank, and for which letters of good execution guarantee are issued.

Except as mentioned in Section 2 "Risk Factors" of this Prospectus, the Company is bound by the terms and covenants of the above-mentioned credit facilities.

9-7 Insurance Policies

The Company has a number of insurance policies to ward off some risks and preserve its assets, properties and educational facilities, including the following:

1- Health Insurance for Employees

– Article 144 of the Labor Law stipulates that the employer shall provide health, preventive and curative care to his employees/workers in accordance with the levels determined by the Minister of Labor and considering what is provided by the Cooperative Health Insurance Law. Article (5) of the implementing regulations of the Cooperative Health Insurance Law approved by Ministerial Resolution No. (9/35/1/D) on 13/04/1435H (corresponding to 13/02/2014G)

affirmed that the employer is obliged to conclude a health insurance policy with an insurance Company covers all its employees, those who are subject to the system and their family members. The business owner is also committed to providing insurance coverage to the beneficiary from the date of arrival in the Kingdom and handing him the insurance card within a period not exceeding ten business days from his arrival date.

- According to Article (14) of the Cooperative Health Insurance Law, if the employer does not participate or does not pay the Cooperative Health Insurance premiums for the worker who is eligible to this law or his family members who are covered by the Cooperative Health Insurance Policy; hence, he is obliged to pay all the installments due, in addition to paying a fine not exceeding the value of the annual subscription for each individual, with the possibility of depriving him of recruiting workers for a permanent or temporary period.
- If any of the Cooperative Insurance Companies breaches any of its obligations specified in the Cooperative Health Insurance Policy, it becomes obliged to fulfill these obligations and to compensate for the damages arising from the breach, in addition to paying a fine not exceeding (5,000) Saudi Riyals for each individual covered by the policy subject of the violation.
- Upon request, the insurance Company issues a certificate to the employer (the policy holder) stating the insurance for its employees and to be submitted to the authority concerned with issuing and renewing residence/Iqama permits.
- The Company has signed a health insurance contract for its employees and their family members with Malath Insurance Company, which is licensed to practice insurance activity by the Saudi Arabian Monetary Agency. This policy covers health care through the network of service providers appointed by the Company, provided that the case is covered by insurance. It covers benefits and compensations including all current or new employees shown in the payroll, (husband/wife, and children)
- Minimum: from date of birth - maximum: up to 25 years, unmarried daughters including widows and divorced females).
- This policy is valid from 01/09/2020G to 31/08/2021G. The Council of Cooperative Health Insurance and the committee formed by a decision of the Chairman of the Council to consider violations of the provisions of the Cooperative Health Insurance Law, and it is also competent to settle all disputes and disputes arising or related to this policy, in accordance with Clause (14) of the stated Law.

2- Compulsory car insurance

The Company's vehicle insurance policies were reviewed with "Allianz Saudi Fransi Cooperative Insurance Company" on 10/02/2021G, it holds policy number (MFP/1892850) and is valid until 07/02/2022G. According to (TAMM) statement issued by the Ministry of Interior No. (646461694) on 13/06/2021G, it was found that the number of vehicles owned by the Company under this list is 125; they all of have valid insurance.

3- Fidelity Insurance

On 01/09/1442H (corresponding to 13/04/2021G), the Company entered into a breach of trust insurance agreement with Malath Cooperative Insurance Company, a document according to which the insurance Company should compensate the Company for any loss of money or goods as a result of breach of trust by one of the employees. The agreement is valid from 11/03/2021G to 10/03/2022G. With a total coverage limit of (3,600,000) Saudi Riyals.

4- Cash Insurance

On 01/09/1442H (corresponding to 13/04/2021G), the Company entered into a money insurance agreement with Malath Cooperative Insurance Company, a policy according to which the insurance Company will compensate the Company for the loss of money in the event of theft, assault or attempted assault, and this includes (money cash, bonds, checks, securities, postage stamps, etc.) This agreement does not cover any claims related to or due to the emerging Covid-19 with a total coverage limit of (35,000,000) Saudi Riyals on the funds transferred from the Company's headquarters to the banks or vice versa, and with a coverage limit of (410,000) Saudi Riyals on the funds inside the Company. The agreement is valid from 11/03/2021G to 10/03/2022G.

5- Insurance Policies related to Facilities and Real Estate

On 03/09/1442H (corresponding to 15/04/2021G), the Company entered into an insurance agreement on the facilities owned by the Company and where its business is conducted. The agreement is valid from 11/03/2021G to 10/03/2022G, and the following is a table of the branches covered by the insurance policy:

Table 69: Facilities/Buildings insurance

Riyadh branches	<ul style="list-style-type: none"> 1. Riyadh - Olaya - General Administration 2. Riyadh Al-Rawdah - men 3. Al Ghadeer Building - Smart Link 4. Riyadh - Smart Link BilSharaf - First Floor 5. Riyadh Smart Link BilSharaf Shops 6. Riyadh - Olaya - Insurance is for 6 months only 7. The new warehouse, Hijaz Road 8. Riyadh - Al Mugharazat Schools 9. Riyadh – Sahafa District Schools 10. Riyadh - Qurtuba Schools 11. Riyadh - Al-Malqa and Al-Sahafa Schools Dormitory 12. Riyadh - Al-Suwaidi - men 13. Riyadh - Al-Nuzha Ladies' Institute 14. Riyadh - Vogue Beauty Center - Qurtuba Spectrum Wellness & Sports Center 15. Riyadh - Altakhasusi - and Green Berry -Vogue Beauty Center 16. Vogue Beauty Center -Spectrum Sports Wellness Center
AlKharj branches	<ul style="list-style-type: none"> 17. Al-Kharj Ladies Institute 18. Al-Kharj Boys' Institute
Jeddah branches	<ul style="list-style-type: none"> 19. Jeddah - New Smart Link 20. Jeddah - Rowad Al Khaleej Schools (boys + girls) 21. Jeddah - Jeddah schools Dormitory 22. Jeddah - Administration - Greenberry's - Al Rawda - men and women
Makkah and Madinah branches	<ul style="list-style-type: none"> 23. Al Medina AlMunawarah - women 24. Al Medina AlMunawarah - men 25. Makkah Al-Mukarramah - Al-Nuzha - men and women
Branches of Eastern Province Cities	<ul style="list-style-type: none"> 26. Al Khobar - men and women 27. Dammam - Smart Link 28. Riyadh - Al-Suwaidi - women 29. Dammam - Rowad Al Khaleej Schools (Boys + Girls) 30. Dam - Dhahran - Dhahran Kindergarten 31. Dammam - Al-Hamra (Al Ishraq) formerly 32. Al Sharkia Schools Dormitory 33. Al-Ahsa - Ladies 34. Al Khobar - Vogue Beauty Center -Spectrum Fitness Center 35. Al Khobar (HUT)
Branches of Southern Province Cities	<ul style="list-style-type: none"> 36. Abha – Ladies 37. Abha - men 38. Abha - King Khalid University project Dormitory 39. Khamis Mushait - women
Branches of Northern Province Cities	<ul style="list-style-type: none"> 40. Project workers Dormitory-Hail 41. Tabuk project Staff Dormitory 42. Bisha project Workers Dormitory
Al-Qassim branches	<ul style="list-style-type: none"> 43. Al-Qassim - Buraidah - Ladies 44. Qassim - Buraidah - men



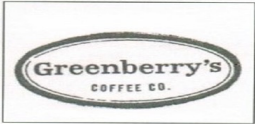
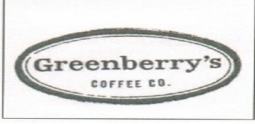
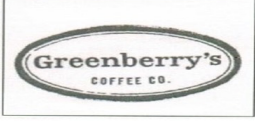





Source: The Company

9-8 Trademarks

As of date of this Prospectus, the Company has registered a number of Trademarks that it relies on as a special brand for its own business. 19 trademark registration certificates have been issued within the Kingdom of Saudi Arabia according to the following detail:

Table 70: Trademarks

	Trademark /Brand shape	Registration No.	Registration Date	Protection Start Date	Protection End Date	Notes
1		142500410	29/10/1445H (corresponding to 12/12/2004G)	19/01/1435 H (Corresponding to 23/11/2013G)	18/01/1445H (corresponding to 05/08/2023G)	A brand belongs to Al Khaleej Training and Education
2		142406810	01/07/1425 H (corresponding to 17/08/2004G)	22/11/1434 H (corresponding to 27/09/2013G)	21/11/1444 H (corresponding to 10/06/2023G)	A brand belongs to Al Khaleej Training and Education
3		142406811	01/07/1425 H (corresponding to 17/08/2004G)	22/11/1434 H (corresponding to 27/09/2013G)	21/11/1444 H (corresponding to 10/06/2023G)	A brand belongs to Al Khaleej Training and Education
4		142500854	06/08/1425 H (corresponding to 21/09/2004G)	09/02/1435 H (corresponding to 13/12/2013G)	18/02/1445 H (corresponding to 04/09/2023G)	A brand belongs to Al Khaleej Training and Education
5		142500855	06/08/1425 H (corresponding to 21/09/2004G)	09/02/1435 H (corresponding to 13/12/2013G)	18/02/1445 H (corresponding to 04/09/2023G)	A brand belongs to Al Khaleej Training and Education
6		142500409	28/07/1425H (corresponding to 13/09/2004G)	19/01/1435 H Corresponding to 23/11/2013G)	18/01/1445 H (corresponding to 05/08/2023G)	A brand belongs to Al Khaleej Training and Education
7		1437003678	14/06/1437H (corresponding to 24/03/2016G)	19/02/1437 H (corresponding to 12/12/2015G)	18/02/1447 H (corresponding to 13/08/2025G)	A brand belongs to Al Khaleej Training and Education
8		1437003660	05/06/1437 H (corresponding to 15/03/2016G)	19/02/1437 H (corresponding to 12/12/2015G)	18/02/1447 H (corresponding to 13/08/2025G)	A brand belongs to Al Khaleej Training and Education
9		1437003674	19/02/1437 H (corresponding to 02/12/2015G)	19/02/1437 H (corresponding to 02/12/2015G)	18/02/1447 H (corresponding to 13/08/2025G)	A brand belongs to Al Khaleej Training and Education

	Trademark /Brand shape	Registration No.	Registration Date	Protection Start Date	Protection End Date	Notes
10		143210553	19/12/1432H (corresponding to 16/11/2011G)	16/10/1432 H (corresponding to 15/09/2011G)	15/10/1442 H (corresponding to 27/05/2021G)	A brand belongs to Al Khaleej Training and Education
11		1440007289	09/06/1440 H (corresponding to 15/02/2019G)	21/03/1440 H (corresponding to 30/11/2018G)	20/03/1450H (corresponding to 11/08/2028G)	A brand belongs to Al Khaleej Training and Education
12		143411645	02/04/1436H (corresponding to 23/01/2015G)	09/09/1434 H (corresponding to 17/07/2013G)	08/09/1444 H (corresponding to 30/03/2023G)	The brand is owned by American Greenberry's Corporation. The trademark is licensed to be used for / Al Khaleej Training and Education Company
13		143411643	02/04/1436H (corresponding to 23/01/2015G)	09/09/1434 H (corresponding to 17/07/2013G)	08/09/1444 H (corresponding to 30/03/2023G)	The brand is owned by American Greenberry's Corporation. The trademark is licensed to be used for / Al Khaleej Training and Education Company
14		143411644	02/04/1436H (corresponding to 23/01/2015G)	09/09/1434 H (corresponding to 17/07/2013G)	08/09/1444 H (corresponding to 30/03/2023G)	The brand is owned by American Greenberry's Corporation. The trademark is licensed to be used for / Al Khaleej Training and Education Company
15		1437016651	13/11/1437 H (corresponding to 17/08/2016G)	19/07/1437 H (corresponding to 27/04/2016G)	18/07/1447 H (corresponding to 07/01/2026G)	The brand is owned by American Greenberry's Corporation. The trademark is licensed to be used for / Al Khaleej Training and Education Company
16		1437016652	07/11/1437 H (corresponding to 11/08/2016G)	19/07/1437 H (corresponding to 27/04/2016G)	18/07/1447 H (corresponding to 07/01/2026G)	The brand is owned by American Greenberry's Corporation. The trademark is licensed to be used for / Al Khaleej Training and Education Company
17		1437016653	13/11/1437 H (corresponding to 17/08/2016G)	19/07/1437 H (corresponding to 27/04/2016G)	18/07/1447 H (corresponding to 07/01/2026G)	The brand is owned by American Greenberry's Corporation. The trademark is licensed to be used for / Al Khaleej Training and Education Company
18		1383/63	19/12/1433 H (corresponding to 04/11/2012G)	27/02/1433 H (corresponding to 22/01/2012G)	26/02/1443 H (corresponding to 04/10/2021G)	A brand belongs to Al Khaleej Training and Education
19		1441003169	27/04/1441 H (corresponding to 25/12/2019G)	02/02/1441 H (corresponding to 02/10/2019G)	01/02/1451 H (corresponding to 14/06/2029G)	A brand belongs to Al Khaleej Training and Education

Source: The Company

9-9 Litigation

The Company does not have any pending cases at the Saudi courts that would materially affect its business.

The Company has only one case for termination of a lease contract related to Qurtuba School in Riyadh (claimant), which is still pending at the General Court.

Table 71: Litigation

	Lawsuit Subject	Lawsuit status as of today	Venue	Defendant	Claimant
1	Tenancy termination lawsuit	still pending	Public Court	Al Khaleej Training and Education Company	Qurtuba School in Riyadh

Source: The Company

Except for what was mentioned in Section 2 “**Risk Factors**” of this Prospectus, members of Board of Directors confirm that neither the Company nor any of its subsidiaries is a party to any claim, judicial arbitration, any follow-up, or any collective or individual settlements that may adversely affect the financial position of the Company or the outcomes of its operations.

9-10 Material Information that has been changed since the Authority's approval of the last offering prospectus

The following is a summary of the most important information that has been changed since the Authority's approval of the last offering prospectus dated 29/10/2007G:

- Capital: the capital has been increased more than once (for more details, please refer to Subsection 9-1-2 “**Amendment of Capital**” of this Section).
- Bylaws: It has been updated in line with the amendments made to the new Companies Law (for more details please refer to Subsection 9-1-3 “**Amendment of the Bylaws**” of this Section).
- Financial Statements: the preparation method has been modified to be in accordance with International Accounting Reporting Standards (IFRS).
- Activity: Franchise agreements have been concluded with a number of foreign companies. (For more details, please refer to Subsection 9-5-4 “**Franchise Contracts**” of this Section). Except for Company's contract with New Horizons and Direct English, dealings with the following companies have been terminated: 1- American Certiport, 2- Element Key MEA Free Zone of the United Arab Emirates 3-Prometric 2PV of Belgium. IIBV) and 4- Sun Microsystems.
- Governance: The ordinary general assembly, based on recommendations from the Board of Directors, has approved most of the governance regulations and policies in accordance with the Corporate Governance Regulations issued by the Authority.
- Management: Election of a new board of directors by the ordinary general assembly on 06/05/1442H (corresponding to 21/12/2020G) and the appointment of new members namely: (Ali Abdulkhaleq AbdulRahman AlQarni, Abdullah Saghir Muhammad AlHusseini, AbdulMalik AbdulRahman Abdullah AlSheikh, Abdullah Muhammad Suleiman Jibreen), and the resignation of each of the gentlemen (Ahmed Muhammad Al Sari, Abdul Mohsen Abdulaziz Al Yahya, Abdulaziz Abdul Rahman Al Raqtan).

9-11 Board of Directors Declarations regarding Legal Information

In addition to the other declarations mentioned in this Prospectus, the Board of Directors declare the following:

- a- The issuance does not constitute a breach of the relevant laws and regulations in Saudi Arabia.
- b- The issuance does not constitute a breach of any contract/agreement entered into by the Issuer.
- c- All material legal issues concerning the Issuer has been disclosed in this Prospectus.
- d- The Issuer and its subsidiaries are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Issuer or its subsidiaries or their financial position.
- e- The Directors are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Issuer or its subsidiaries or their financial position.

10- Underwriter

10-1 Name and address of the Underwriter

The Company has entered into an underwriting agreement with the underwriter Arab National Investment Company. Under this agreement, Arab National Investment Company undertakes to underwrite twenty million (20,000,000) ordinary shares at a price of ten (10) Saudi Riyals per share, representing 100.0% of the Rights Issue shares offered for subscription.

Table 72: Underwriter

Underwriter	Quantity of shares underwritten	% of total offering underwritten
Arab National Investment Company	20,000,000	100.00%

Underwriter
<p>Arab National Investment Company King Faisal Street Arab National Investment Company Building P.O. Box: 220009 - Riyadh 11311 Kingdom of Saudi Arabia Tel: +966 11 406 2500 Fax: + 966 11 406 2548 Email: Investment.Banking@anbinvest.com.sa Website: www.anbinvest.com.sa</p>



10-2 The key terms of the Underwriting Agreement

The terms and conditions set forth in the Underwriting Agreement include the following:

- 1- The Company undertakes to the underwriter that on the Allocation Date, it will issue and allocate to the Underwriter all the rights issue shares that the Underwriter undertakes to cover in this Offering which have not been subscribed to by the Eligible Shareholders, as additional shares at the Offering Price.
- 2- The Underwriter undertakes to the Company that on the Allocation Date, they will purchase all of the underwritten shares in this Offering, which have not been subscribed to by Eligible Shareholders, as additional shares at the Offering Price.
- 3- The Underwriter shall receive specified fee for underwriting, which will be paid for from the Offering Proceeds. It should be noted that the underwriting costs are part of the Offering Expenses.
- 4- The Underwriter is committed to purchase all remaining shares in the Offering, unless he is subject to provisions relating to the termination of the Underwriting Agreement such as the occurrence of any force majeure as defined in the agreement or failure to meet a number of preconditions in connection with the Offering.
- 5- The Company shall provide a number of guarantees, pledges and undertakings - in such agreements - to the underwriter.

11- Waivers

Neither the Company nor the Financial Advisor has submitted a request to the CMA or the Saudi Exchange to be exempted from any of the requirements set forth in the Rules on the Offer of Securities and Continuous Obligations and the Listing Rules.

12- Information Concerning the Shares and Terms and Conditions of the Offer

The Company has applied to the CMA for registration and offer of securities and to the Saudi Exchange for listing them. All the requirements have been met under the Rules on the Offer of Securities and Continuous Obligations and the Listing Rules.

All Eligible Persons (i.e. Registered Shareholders and purchasers of the Rights during the Trading Period) and bidding investors of the institutional investors must read the Information Concerning the Shares and Terms and Conditions of the Offer carefully before subscribing online or submitting the Subscription Application through a broker or filling the Rump Offering Form. The submission of the Subscription Application Form, or signing and delivering the Rump Offering Form shall be deemed an approval and acceptance of the terms and conditions mentioned.

12-1 Subscription in the New Shares

Pursuant to this Prospectus, twenty million (20,000,000) ordinary shares of the Company's capital will be offered - by way of Rights Issue - representing 44.4% of the Company's capital before the capital increase, at an Offering Price of ten (10) Saudi Riyals per share and a nominal value of ten (10) Saudi Riyals, with a total offer value of two hundred million (200,000,000) Saudi Riyals. The New Shares will be issued at a ratio of around (0.44) New Shares for each existing share. Subscription in the New Shares will be available only for Eligible Persons.

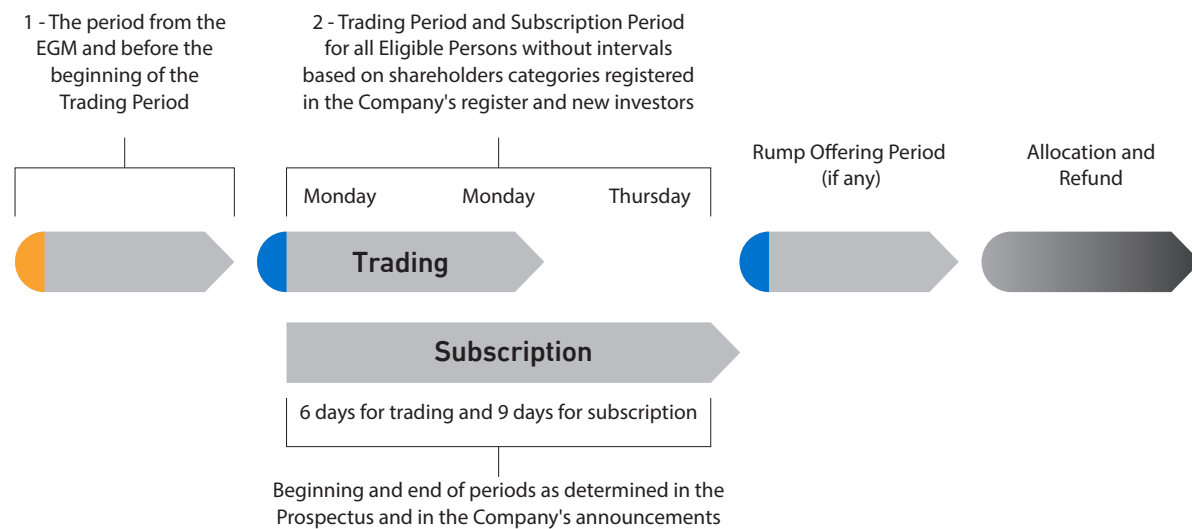
In case Eligible Persons do not exercise their right to subscribe to the New Shares at the end of the Subscription Period, remaining shares shall be offered to Institutional Investors during the Rump Offering Period.

Registered Shareholders shall be able to trade the in the Rights deposited in their portfolios through the Saudi Exchange system. These rights are considered to be an acquired right for all shareholders registered in the Company's register at the Depository Center at the end of the second trading day following the Extraordinary General Meeting approving the Capital Increase (Eligibility Date). Each right grants its holder eligibility to subscribe to one New Share at the Offer Price. The Rights will be deposited within two business days following the Extraordinary General Meeting approving the Capital Increase. The Rights will appear in the Registered Shareholders portfolios under a new symbol designated for the Rights, the Registered Shareholders will then be notified of the deposit of rights in their portfolios.

The Rights Issue will be offered according to the phases and dates set out below:

- **Eligibility Date:** the end of the trading day following the day of the Extraordinary General Assembly approving the Capital Increase on 11/11/2024 (corresponding to 11/11/2024).
- **Trading Period and Subscription Period:** the Trading Period and Subscription Period start on Monday 11/11/2024 (corresponding to 11/11/2024). The Trading Period ends on Monday 11/11/2024 (corresponding to 11/11/2024) and the Subscription Period lasts up to Thursday 11/11/2024 (corresponding to 11/11/2024).
- **Rump Offering Period:** commences on Tuesday 11/11/2024 (corresponding to 11/11/2024) from 10:00 am to 5:00 pm on Wednesday 11/11/2024 (corresponding to 11/11/2024). During this period, the remaining shares will be offered to a number of Institutional Investors, provided that these institutions offer their bids to buy the Rump Shares during the Rump Offering Period. The Rump Shares will be allocated to the Institutional Investors with the highest bid, then to the lower and the lower (provided that the bid price should equal at least the Offering Price). The shares will be allocated proportionately to the Institutional Investors submitting the same offer. Fractional Shares will be added to the Rump Shares and treated similarly. In case of non-purchased shares by the Institutional Investors, these shares will be allocated to the Underwriter, who will purchase them at the Offer Price.
- **Final Allocation of Shares:** the shares will be allocated to each investor based on the number of Rights properly and fully exercised. As for shareholders entitled to fractional shares, these will be added together and offered to the Institutional Investors during the Rump Offering Period. The total Offering Price of the Rump Shares and Fractional Shares will be paid to the Company, and the remaining proceeds (i.e., in excess of the Offering Price, if any) will be distributed to the beneficiaries, each according to his dues, no later than Sunday 11/11/2024 (corresponding to 11/11/2024).
- **Trading of the New Shares in the market:** trading of the New Shares will start on the Saudi Exchange upon completion of all procedures relating to the registration and allocation of the New Shares.

Figure 2: Illustration of the Rights Issue Mechanism



- EGM day
- Weekends

12-2 Eligible Persons not participating in the Subscription of the New Shares

Shareholders who do not participate fully or partially in the Subscription of New Shares will be subject to a decrease in their shareholding percentage in the Company, in addition to a decline in the value of their current shares. Eligible Persons who neither subscribe nor sell their rights, are subject to loss. Eligible Persons who do not participate in the New Shares will not receive any benefits or rewards in return for the Rights Shares due to them other than cash compensation from the proceeds of the Rump Offering shares, each according to his due amount (if any). The Registered Shareholders will retain the same number of shares they held before the capital increase.

If the Institutional Investors wish to buy the Rump Shares at the Offering Price only, or if they do not wish to subscribe to shares, and therefore the Underwriter buys the Rump Shares at the Offering Price, the Eligible Persons who did not participate in the Subscription will not receive any compensation due to not exercising their Rights in the New Shares.

The compensation amount (if any) for Eligible Persons who did not subscribe in the New Shares in whole or in part, and for the persons entitled to fractional shares will be calculated by dividing the compensation amount by the total number of shares and fractional shares that were not subscribed to by the Eligible Persons. This will determine the compensation payable for each remaining share, and will be paid to the Eligible Persons who did not subscribe in the New Shares in whole or in part, as well as to the persons entitled to fractional shares.

12-3 How to apply for Subscription in the Rights Issue

Subscription is permitted using trading platforms through which buying and selling orders are filed, in addition to the possibility of subscribing through any other channel provided by the broker. If there is a Rump Offering Period, Subscription Application Form may be submitted for any shares left by Institutional Investors only.

By submitting the Subscription Application Form, the subscriber declares the following:

- Agreement to his subscription to the Company's shares in the number of such shares specified in the Subscription Application Form.
- He has fully read the Prospectus and all its contents and carefully examined and understood it.
- Agreement to the Company's Bylaws and the terms of the Prospectus.
- Accepting the shares allocated under the Subscription Application Form and accepting all the subscription terms and conditions contained in the Application and in the Prospectus.

- Guarantee that the application is not canceled or modified after it is submitted to the receiving entity.

12-4 Allocation and Refund

The Company and the Lead Manager will open an escrow account to deposit the Offering proceeds. The shares will be allocated to each investor based on the number of Rights properly and fully exercised by it. As for shareholders entitled to Fractional Shares, the fractions will be added together and offered to the Institutional Investors during the Rump Offering Period. The total remaining Offering Price will be paid to the Company, and the rest of the proceeds of the sale of the Rump Shares and Fractional Shares (i.e., in excess of the Offering Price, if any) will be distributed to the beneficiaries, each according to his dues, no later than Thursday \cdot H (corresponding to \cdot G). In case unsubscribed shares are remaining, the Underwriter will purchase them, and these shares will be allocated thereto.

The announcement of the final number of shares allocated to each Eligible Person will be issued by the Lead Manager by recording them in the accounts of the subscribers without any commission or deduction. Eligible Persons should contact the broker through which the Subscription Application Form was submitted for additional information. The allocation results will be announced no later than Sunday \cdot H (corresponding to \cdot G).

Compensation (if any) shall be paid to eligible persons who did not participate in whole or in part in the Subscription without any commission or deduction, no later than Thursday \cdot H (corresponding to \cdot G).

12-5 FAQs about the Rights Issue Mechanism

What is a Rights Issue?

It is a tradable security that gives its holder the right to subscribe for the new shares offered upon the approval of the capital increase. This is an acquired right of all shareholders holding shares at the end of trading on the date of the extraordinary general assembly approving the capital increase and who are registered in the company's shareholders register at the Depository Center at the end of the second trading day after the extraordinary general assembly approving the capital increase. Each right gives the holder eligibility of subscription for one new share, at the offer price.

Who is granted the Rights?

All shareholders registered in the company's register at the Depository Center at the end of the second trading day following the extraordinary general assembly approving the capital increase.

When are the Rights deposited?

This will take place within two days from the date of the extraordinary general assembly on the capital increase, and will be listed in the shareholders' portfolios under a new symbol. These rights will only be traded or subscribed to at the beginning of the Trading and Subscription Period.

How is the registered shareholder notified of the deposit of Rights in the portfolio?

The registered shareholder shall be notified through the announcements on Tadawul website, as well as through Tadawulaty service provided by the Securities Depository Center and SMS messages sent by brokerage companies.

How many Rights will the registered shareholder receive?

The number depends on the subscription eligibility factor and the number of shares held by the registered shareholder according to the shareholders register at the Depository Center at the end of the second trading day following the extraordinary general assembly approving the capital increase.

What is the Eligibility factor?

It is the ratio based on which the registered shareholder can know the number of rights due to him in return for the shares he holds on the date of the extraordinary general assembly. This factor is calculated by dividing the number of new shares by the number of the company's issued shares. Therefore, the eligibility factor is approximately (0.44) right for every share owned by the registered shareholder on the eligibility date. Accordingly, if a registered shareholder owns one thousand (1,000) shares on the eligibility date, he will be allocated four hundred and forty-four (444) rights.

Will the name and trading symbol of the Rights vary from the name and symbol of the Company's shares?

Yes, rights will be deposited in the investors' portfolios under the original name, adding the Rights Issue term as well as a new symbol for these rights.

What is the value of the Rights at the beginning of trading?

The opening price will be the difference between the closing price of the company's shares on the day prior to the inclusion of the rights and the offering price. For example (using hypothetical prices), if the closing price of the previous day was twenty five (25) Saudi Riyals and the offering price is ten (10) Saudi Riyals, then the opening price for the Rights at the beginning of trading is fifteen (15) Saudi Riyals.

Who is a registered shareholder?

Any shareholder owning shares at the end of trading on the day of the extraordinary general assembly approving the capital increase, and registered in the company's shareholders registry at the Depository Center at the end of the second trading day following the extraordinary general assembly approving the capital increase.

Can registered shareholders subscribe to additional shares?

Registered shareholders can subscribe to additional shares through the purchase of new rights during the Trading Period and then subscribing through them during the Subscription Period after the purchase and settlement of the rights.

Is it possible for shareholders to lose their subscription eligibility even if they have the right to attend the extraordinary general assembly on the capital increase through issuing new shares?

Yes, shareholders will lose their subscription eligibility if they sell their shares on the day of the extraordinary general assembly approving the capital increase or one working day before.

How is the subscription process implemented?

The subscription process is implemented, as is currently being done, through submitting subscription applications during the Subscription Period through the investment portfolio on the trading platforms through which the purchase and sell orders are filed. In addition to the possibility of subscription through any other means provided by the broker.

If the company's shares are held by more than one investment portfolio, which portfolio shall be used for depositing rights?

Rights will be deposited in the same portfolio where the company's rights-related shares are deposited. For example, if a shareholder owns (1,000) shares in the company, eight hundred (800) shares in portfolio (A) and two hundred (200) shares in portfolio (B), the total amount of rights to be deposited is (1,000) rights, on the basis that each share has one right, therefore eight hundred (800) rights shall be deposited in portfolio (A) and two hundred (200) rights shall be deposited in portfolio (B).

Do share certificate holders have the right to subscribe and trade?

Yes, holders of share certificates are allowed to subscribe. However, they will not be able to trade unless share certificates are deposited in investment portfolios through brokers or Depository Center at the Saudi Exchange as well as bringing all required documents, before the end of the Subscription Period.

If the new shares are subscribed to and the rights are sold, then what happens in this case?

If a registered shareholder subscribed for new shares and then sells the rights without purchasing a number of rights equal to the number of exercised rights he/she subscribed in before the end of the Trading Period, then the subscription application will be rejected entirely, if all the rights have been sold, or partially in an amount equal to the number of sold rights. The registered shareholder will be notified and the value of the rejected subscription will be refunded through the recipient entity.

Is it permissible for those who bought additional rights to trade them again?

Yes, they are entitled to sell and buy other rights during the Trading Period only.

Is it possible to sell part of these rights?

Yes, the investor can sell part of these rights and subscribe to the remaining part.

When can a shareholder subscribe to the rights they purchased during the Trading Period?

At any time during the Subscription Period, i.e. until the ninth day (9), after settlement of the purchase of Rights (two business days).

Can the holder of rights sell or assign the right after the expiration of the Trading Period?

No, it is not possible. After the expiry of the Trading Period, the eligible person will only be entitled to exercise the right to subscribe to the share capital increase or not exercise it. In the absence of exercising the right, the investor may be vulnerable to loss or decline in the value of his investment portfolio.

What are the Trading Period and the Subscription Period?

Trading Period and Subscription Period commence on the same day until the end of the Trading on the sixth day, while the Subscription Period continues until the ninth day, according to what is mentioned in this Prospectus and the Company's announcements.

What happens to the rights that have not been sold or exercised during the Subscription Period?

The remaining shares arising from the failure to exercise or sell these rights shall be offered in the Rump Offering Period organized by the Lead Manager according to the criteria specified in this Prospectus.

Who has the right to attend the extraordinary general assembly and to vote on the capital increase through the Rights Issue Offering?

Shareholders registered in the Company's Register at the Depository Center at the end of the second trading day following the extraordinary general assembly shall have the right to attend the extraordinary general assembly and vote on the capital increase through the rights issue offering.

When will the share price be adjusted as a result of the capital increase through the rights issue offering?

The share price is adjusted by the market before the start of trading on the day following the extraordinary general assembly.

If an investor purchases securities on the day of the extraordinary general assembly on the capital increase, is he entitled to obtain the rights resulting from the capital increase?

Yes, as the investor will be registered in the company's shareholders registry two business days from the date of purchasing the shares (that is, at the end of the second trading day following the day of the extraordinary general assembly approving the capital increase), taking into consideration that the rights issue will be granted to all shareholders registered in the company's shareholders registry at the end of the second trading day following the date of the extraordinary general assembly approving the capital increase.

If an investor has more than one portfolio with more than a brokerage company, how will his rights be calculated?

The investor's share will be distributed to the portfolios owned thereby, according to the percentage of ownership in each portfolio. If there is any fraction, the fractions will be added together and if they came to a whole number, that number is added to the portfolio in which the investor has the largest number Rights.

Is it possible to subscribe during the weekend?

No, it is not possible.

Can public investors other than those registered shareholders subscribe to the rights issue shares?

Yes, after completing the purchase of the Rights through the market during the Trading Period.

12-6 Trading of New Shares

Trading of the New Shares will start upon completion of all relevant procedures. It is expected to occur after allocation of the New Shares, and the commencement of trading shall be announced at a later date.

12-7 Miscellaneous terms

- Subscription Application and all related terms, conditions and undertakings are binding and for the benefit of the applicants, their successors, assignees, will executors, estate managers and heirs, provided that, except for what is specifically stipulated in this Prospectus, the application or any rights, interests or obligations arising out of it shall not be waived or delegated to any of the parties referred to in this Prospectus without obtaining the prior written consent of the other party.
- These instructions, the conditions and any receipt of the Subscription Application or related contracts shall be governed, construed, interpreted and enforced in accordance with the laws of the Kingdom of Saudi Arabia.
- In spite of the CMA's approval of this Prospectus, this Offering may be suspended at any time after the CMA's approval of this Prospectus and prior to the acceptance and listing of the shares in the market, if the Company becomes aware that: (i) there has been a material change in the underlying basic information set out in this Prospectus or any documents that are required to be included under the Rules on the Offer of Securities and Continuous Obligations; or (ii) the raising of any additional information that should have been included in this Prospectus. In both of these cases, the Company is committed to submit to the CMA a supplementary Prospectus in accordance with the Rules on the Offer of Securities and Continuous Obligations. The supplementary Prospectus will then be issued and the new subscription dates will be announced. It is also possible to suspend this Offering if the Extraordinary General Assembly does not approve any of the details thereof.

12-8 Decisions and Approvals under which the New Shares are offered

- The Company's Board of Directors has recommended on 17/08/1442H (corresponding to 30/03/2021G) to increase the Company's capital by issuing Rights Issue Share amounting to two hundred million (200,000,000) Saudi Riyals, after obtaining the necessary statutory approvals.
- With regard to informing the banks of the Company's Capital Increase, the Company announced to the public on Tadawul (company announcements) about the Board of Directors' recommendation to increase the Company's capital. In addition, the Company sent non-objection request to its lenders on 09/09/2021G and got their non-objection to the increase the Company's capital by 200 million Saudi riyals to reach 650 million Saudi riyals after the increase.
- The Extraordinary General Assembly approved the recommendation of the Board of Directors on the capital increase as mentioned above on 14/08/1442H (corresponding to 30/03/2021G). The increase will be limited to Eligible Shareholders registered in the Company's register at the Depository Center at the end of the second trading day following the date of the Extraordinary General Assembly.
- This Prospectus and all supporting documents requested by the CMA have been approved on the date of its announcement on the CMA's website on 23/02/1443H (corresponding to 30/09/2021G).
- The application for listing the New Shares has been approved by the Saudi Exchange on 05/12/1442H (corresponding to 15/07/2021G)

12-9 Statement of any existing arrangement to prevent disposal of certain shares

There are no arrangements in place to prevent the disposal of any share.

13- Change in Share Price

The closing price of the Company's shares on the day of the Extraordinary General Assembly approving the Capital Increase is SAR Y and is expected to reach SAR Z at the opening of the following day. The change represents a decrease of $\text{X}\%$. In case any of the shareholders registered in the Company's shareholders register at the Depository Center fails to subscribe at the end of the second trading day following the date of the Extraordinary General Assembly approving the Capital Increase, this will lead to a decrease in their ownership percentage in the Company

Method of calculation for the share price of the share capital increase:

First: Calculation of the closing market value of the Company on the day of the Extraordinary General Assembly approving the Capital Increase:

The number of shares at the end of the Extraordinary General Assembly approving the Capital Increase \times The closing price of the Company's share on the day of the Extraordinary General Assembly approving the Capital Increase = The market value of the Company at the close of trading on the day of the Extraordinary General Assembly approving the Capital Increase.

Second: Calculation of the share price at the opening of trading on the day following the Extraordinary General Assembly approving the Capital Increase:

(The market value of the Company at closing on the day of the Extraordinary General Assembly approving the Capital Increase + the value of the Rights Issue Shares) / (number of shares at the end of the Extraordinary General Assembly approving the Capital Increase + the number of New Shares offered for subscription) = the share price expected in the opening day following the day of Extraordinary General Assembly approving the Capital Increase.

14- Rump Offering

In the event that any shares remain unsubscribed for at the end of the Subscription Period ("**Rump Shares**"), those shares will be offered at a minimum of the Offering Price to a number of Institutional Investors ("**Institutional Investors**") (this offering is referred to as the "**Rump Offering**"), and such Institutional Investors shall submit offers to purchase the Rump Shares. Receipt of such offers will start at 10:00 am on Tuesday ١٤٤٣/١٢/١٥ H, (corresponding to ١٤٤٣/١٢/١٥ G) until 5:00 pm on Wednesday ١٤٤٣/١٢/١٦ H, (corresponding to ١٤٤٣/١٢/١٦ G), (the "**Rump Offering Period**"). Rump shares will be allocated to the Institutional Investors with the highest bid, then the lowest and the lowest. The shares will be allocated proportionately to the Institutional Investors submitting the same offer.

As for Fractional Shares (if any), they will be added to the Rump Shares and treated similarly. The total Offering Price of the Rump Shares will be paid to the Company and the rest of the proceeds from the sale of those Rump Shares and the Fractional Shares (exceeding the Offering Price, if any) will be distributed to the eligible persons who have not exercised their right to subscribe either in whole or in part, as well as holders of fractional shares, each according to what he may be entitled to no later than ١٤٤٣/١٢/١٦ H (corresponding to ١٤٤٣/١٢/١٦ G).

The trading in New Shares is expected to start on Tadawul upon completion of all procedures related to the registration and allocation of the New Shares.

The Company has applied to the CMA for registration and offering of the New Shares and to the Saudi Exchange for listing them.

15- Subscription Declarations

15-1 Overview of the Subscription Application and the Covenants

Subscription can be done through trading platforms or through any other means provided by the broker to the investors. New shares will be subscribed in upon one phase according to the following:

Subscription to the New Shares will be available during the Subscription Period in one phase as follows:

- 1- During this period, all Registered Shareholders and New Investors will be entitled to subscribe to the New Shares.
- 2- Registered Shareholders will be entitled to subscribe directly to the number of their shares or less than the number of their shares during the Subscription Period, and if they acquire New Rights, they will be able to subscribe to them after the end of the settlement period (two business days).
- 3- New Investors will be entitled to subscribe to the New Shares after the end of settlement period (two business days).
- 4- Subscription will be available electronically through the investment portfolios in the trading platforms and applications through which sale and purchase orders are entered, in addition to subscription through other channels and means available at the broker.

Each Right gives its holder the right to subscribe in one New Share at the Offering Price. Subscribers in New Shares acknowledge the following:

- 1- Acceptance of all the terms and conditions stated in this Prospectus.
- 2- They have carefully read this Prospectus and understood its contents.
- 3- Acceptance of the Company's by-laws.
- 4- Commitment not to cancel or amend the subscription application after its admission.

15-2 The Allocation Process

The shares will be allocated to each investor based on the number of Rights properly and fully exercised by it. As for shareholders entitled to Fractional Shares, the fractions will be added together and offered to the Institutional Investors during the Rump Offering Period. The total remaining Offering Price will be paid to the Company, and the rest of the proceeds of the sale of the Rump Shares and Fractional Shares (i.e., in excess of the Offering Price, if any) will be distributed to the beneficiaries, each according to his dues, no later than Thursday **H** (corresponding to **G**). In case unsubscribed shares are remaining, the Underwriter will purchase them, and these shares will be allocated thereto.

Eligible Persons must contact the broker through which the Subscription Application Form was submitted for additional information. The allocation results will be announced no later than Sunday **H** (corresponding to **G**).

15-3 Saudi Exchange

Tadawul system was established in 2001G as an alternative system to the securities electronic information system. The electronic stock trading started in the Kingdom of Saudi Arabia in 1990G.

The shares are traded on the Tadawul system through an integrated mechanism covering the trading process in an integrated manner from the execution of the transaction to settlement. Trading occurs on each business day (from Sunday to Thursday) for one period from 10:00 am to 3:00 pm, during which the orders are executed. Outside these times, the orders can be submitted, modified and canceled from 9:30 am to 10:00 am. New restrictions and inquiries can be submitted from 9:30 am for the opening session that start at 10:00 am. These times may change during the month of Ramadan and are announced by Tadawul administration.

Tadawul system is based on orders matching according to price. The orders are received and priority is determined based on price. Generally, the market orders are executed first (the orders specifying the best prices), followed by orders that have a restricted price. If multiple orders are entered at the same price, they are executed according to the time of entering them.

Tadawul system distributes a comprehensive range of information through various channels, including Tadawul website and Tadawul electronic trading information link. Market data is provided immediately to well-known information providers such as Reuters.

Transactions are settled within two working days, where the transfer of ownership is effected after the completion of the settlement (i.e. within two business days after the date of execution of the transaction).

The Company must disclose all decisions and information of interest to investors through Tadawul system. Tadawul system is responsible for monitoring the market in order to ensure fair and smooth trading of stocks.

15-4 Listing of New Shares

An application has been submitted to the CMA to register and offer the New Shares and to the Saudi Exchange to list them. This Prospectus has been approved and all requirements have been met.

Registration and commencement of trading of the New Shares are expected after completion of the final allocation of the New Shares. This will be announced in due course on the Saudi Exchange website. The dates mentioned in this Prospectus are tentative and may be changed at any time with the approval of the CMA.

Although the existing shares are listed on the Saudi Exchange, the New Shares cannot be traded until they are allocated to eligible subscribers and bidders in respect to the offering of the Rump Shares and their placement in the respective trading accounts. Trading in the New Shares is strictly prohibited before allocation.

The Company does not hold any legal liability concerning subscribers or bidders in the Rump Offering who engage in prohibited trading activities.

16- Documents available for inspection

The following documents will be available for review at the Company's headquarters located in Riyadh, Olaya street P.O. Box 295300 – Riyadh 11351 Kingdom of Saudi Arabia, during official business hours between eight thirty in the morning (8:30 am) and five thirty in the evening (5:30 pm) fourteen (14) days before the date of the Extraordinary General Assembly and until the end of the Subscription Period.

Documents related to incorporation and regulations:

- The Company's Commercial Registration certificate
- The Articles of Association of the Company
- The Company's Bylaws

Approvals related to the Offering

- Board of Directors' recommendation for the capital increase
- Saudi Exchange conditional approval for the Rights Issue Offering
- CMA approval for the Rights Issue Offering
- EGM resolution on the capital increase*

Reports, letters and documents:

- Underwriting Agreement referred to in Section 10 "Underwriter".
- Written consent from the Financial Advisor, Lead Manager and Underwriter - Arab National Investment Company- to include their names and logos and statements in this Prospectus.
- Written consent from the Legal Advisor - Alsaleh & Alsahli Law Firm - to include their names and logos and statements in this Prospectus.
- Written consent from the Auditors - Al Azem, Al Sudairy, Al Shaikh and Partners and Aldar Audit Bureau, Abdullah Al Basri & Company- to include their names and logos and statements in this Prospectus and to publish the Auditors reports

* Company's Extraordinary General Assembly resolution approving capital increase will be available for inspection at the Company's headquarters located in Riyadh on the day following the date of the decision.



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