

**Al Khaleej Training and Education Company**  
**(A Saudi Joint Stock Company)**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
31 DECEMBER 2021**

**AL KHALEEJ TRAINING AND EDUCATION COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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## INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS OF AL KHALEEJ TRAINING AND EDUCATION COMPANY  
 (A SAUDI JOINT STOCK COMPANY)  
 RIYADH, KINGDOM OF SAUDI ARABIA**

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the consolidated financial statements of Al Khaleej Training and Education Company (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent from the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

Key Audit Matters	How our audit addressed the key audit matter
<b>Revenue recognition</b>	
<p>With reference to the accounting policy relating to the revenue recognition, the Group's revenues for the year ended 31 December 2021 amounted to SR 844.2 million (2020: 787.3 million).</p> <p>Revenue is a key indicator of performance measurement, resulting in inherent risks in the revenue recognition process through revenue overstatements.</p> <p>Revenue is recognized when services are provided to customer.</p> <p>Due to the inherent risks in the revenue recognition process and the significance of revenue value, revenue recognition of products and services was considered as a key audit matter.</p>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the nature of revenue contracts that the Group used for each material type of revenue item and selected a representative sample of revenue contracts to confirm our understanding and application of whether management's application of the requirements of IFRS 15 was consistent with the standard.</li> <li>• Performing a test of a sample of recorded revenue transactions and compared them with supporting documents to verify the existence of recorded revenue.</li> <li>• Inquired from the management representatives regarding fraud awareness and the existence of any actual fraud cases.</li> <li>• Assessing the appropriateness of the disclosures made in the consolidated financial statements.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**TO THE SHAREHOLDERS OF AL KHALEEL TRAINING AND EDUCATION COMPANY  
 (A SAUDI JOINT STOCK COMPANY)  
 RIYADH, KINGDOM OF SAUDI ARABIA**

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### Key Audit Matters (continued)

Key Audit Matters	How our audit addressed the key audit matter
<p><b>Revision of Right of use of assets</b></p> <p>As at December 31 2021, the Company's Right-of-use assets and Lease obligations balances was SR 434.6 million and SR 497.1 million respectively (2020: SR 414.2 million and SR 466 million respectively)</p> <p>The Company conducted a review of the calculation of Right of use of assets and lease obligations and appoint an external expert for this purpose as the Comparative figures restated due to the error of calculation.</p> <p>We have considered this as a key audit matter as the application of accounting standards for lease contracts and changes in accounting estimates involves significant scope for estimate by Management, which has a material impact on the financial statements.</p> <p><i>Refer to Note 4-17 of the financial statements for accounting policy and Note 16 for the related disclosures in the accompanying financial statements.</i></p>	<p>We have performed the following procedures among other things:</p> <ul style="list-style-type: none"> <li>• Ensured management appoints a professional expert to assess the lease contracts and review the calculations.</li> <li>• Assessed the Competence, Objectivity and Independence of the management's expert.</li> <li>• Tested completeness of the lease register by testing the reconciliation of lease liabilities recognizes at January 1, 2021 to the Group's operating lease commitments as at December 31, 2020.</li> <li>• Reviewed management's assessment of whether or not a contract meets the definition of a lease for certain key contracts and assessed the appropriateness of the significant assumptions and judgements related to lease terms used to determine the right-of-use assets and lease liabilities for such contracts;</li> <li>• Verified the accuracy of the underlying lease data by agreeing a sample of leases to original contract and other supporting information, and tested the arithmetical accuracy of the amounts underlying the right-of-use assets and lease liabilities.</li> <li>• Assessed the adequacy and appropriateness of the disclosures in the accompanying consolidated financial statements.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**TO THE SHAREHOLDERS OF AL KHALEEL TRAINING AND EDUCATION COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
RIYADH, KINGDOM OF SAUDI ARABIA**

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### Other Information

Other information consists of the information included in the Group's 2021 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. It is expected that the annual report will be available to us after the date of this audit report.

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

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

#### Other Matter

The consolidated financial statements of the Company for the year ended 31 December 2020 were audited by another auditor, who expressed a modified opinion dated 31 March 2021 due to the Company did not provide the fair value of investments amounting to SAR 15.6 million carried at Fair Value through Other Comprehensive Income.

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

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

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

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group financial reporting process

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**TO THE SHAREHOLDERS OF AL KHALEEL TRAINING AND EDUCATION COMPANY  
 (A SAUDI JOINT STOCK COMPANY)  
 RIYADH, KINGDOM OF SAUDI ARABIA**

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the establishments or commercial activities within the Group. To express an opinion on the consolidated financial statements. We are responsible for directing, supervising and implementing the Group review process. We remain solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

**For Al-Bassam & Co.**

**Ibrahim A. Al Bassam**  
**Certified Public Accountant**  
**License No. 337**

Riyadh: 6 Ramadhan 1443H  
 Corresponding to: 7 April 2022

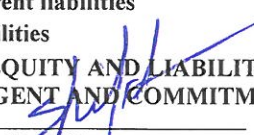
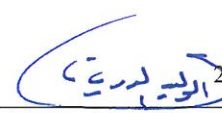
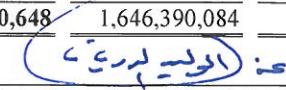




**AL KHALEEJ TRAINING AND EDUCATION COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2021	31 December 2020 (Restated)	1 January 2020 (Restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	5	31,867,528	31,946,770	31,664,463
Right of use of assets	16	434,631,475	414,213,221	415,463,455
Property and equipment	6	475,915,945	459,350,276	436,864,138
Financial derivative instruments carried at FVTPL		3,112,228	-	-
Investment in equity instruments at fair value through OCI	7	305,360,573	271,812,091	269,071,412
<b>Total non-current assets</b>		<b>1,250,887,749</b>	<b>1,177,322,358</b>	<b>1,153,063,468</b>
<b>Current assets</b>				
Trade receivables	9	362,374,613	339,231,065	292,749,073
Prepayments and other receivables	10	112,720,649	61,632,542	81,737,870
Unbilled revenues		43,853,242	34,401,018	22,687,655
Inventories	11	9,640,686	11,676,229	13,602,785
Due from related parties	12	1,477,846	-	1,430,809
Cash and cash equivalent	8	126,105,863	22,126,872	173,395,371
<b>Total current assets</b>		<b>656,172,899</b>	<b>469,067,726</b>	<b>585,603,563</b>
<b>TOTAL ASSETS</b>		<b>1,907,060,648</b>	<b>1,646,390,084</b>	<b>1,738,667,031</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	14	650,000,000	450,000,000	450,000,000
Statutory reserve		85,365,123	83,043,571	83,043,571
Actuarial reserve		(30,057,880)	(13,297,029)	(7,665,000)
Retained earnings		58,642,049	55,548,483	87,826,628
Foreign currency translation reserve		(2,728,550)	(2,772,628)	(2,234,632)
Fair value reserve	7	54,241,981	20,693,499	17,952,820
<b>Total equity attributable to the Shareholders of the Company</b>		<b>815,462,723</b>	<b>593,215,896</b>	<b>628,923,387</b>
Non-controlling interest		3,517,416	2,871,761	5,915,236
<b>Total equity</b>		<b>818,980,139</b>	<b>596,087,657</b>	<b>634,838,623</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Long-term borrowings	15	141,441,807	161,156,800	98,544,584
Deferred gain from sale of property and equipment		10,046,854	10,850,602	11,654,350
Lease obligations	16	472,230,091	442,731,835	438,366,496
Employees' post-employment benefits	17	69,552,565	60,808,916	56,013,132
<b>Total non-current liabilities</b>		<b>693,271,317</b>	<b>675,548,153</b>	<b>604,578,562</b>
<b>Current liabilities</b>				
Banks overdraft		4,002,477	4,829,435	3,561,090
Short-term borrowings	15	204,251,325	261,013,840	324,993,901
Current portion of long-term loans	15	35,360,452	-	24,584,414
Current portion of deferred gain from sale of property and equipment		803,748	803,748	803,748
Current portion of lease obligations	16	24,854,215	23,301,676	23,071,921
Trade and other payables	18	114,787,407	83,090,843	119,624,254
Due to related parties	12	-	240,041	2,658
Zakat and income tax payable	19	10,749,568	1,474,691	2,607,860
<b>Total current liabilities</b>		<b>394,809,192</b>	<b>374,754,274</b>	<b>499,249,846</b>
<b>Total liabilities</b>		<b>1,088,080,509</b>	<b>1,050,302,427</b>	<b>1,103,828,408</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,907,060,648</b>	<b>1,646,390,084</b>	<b>1,738,667,031</b>
<b>CONTINGENT AND COMMITMENTS</b>				
<div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="text-align: center;">               Sherif Esmat              Chief Financial Officer           </div> <div style="text-align: center;">               Alwaleed A. Aldryaan              Chief Executive Officer           </div> <div style="text-align: center;">               Abdulaziz Hammad Al-Bulaihid              Chairman           </div> </div>				

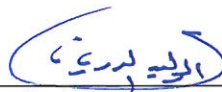
The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements

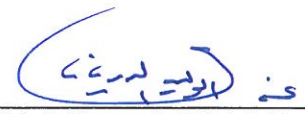
**AL KHALEEJ TRAINING AND EDUCATION COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2021	31 December 2020 (Restated)
Revenues	29	844,217,281	787,328,745
Cost of revenues	20	(707,280,548)	(663,219,979)
<b>GROSS PROFIT</b>		<b>136,936,733</b>	<b>124,108,766</b>
Selling and marketing expenses	21	(25,837,291)	(29,003,521)
General and administration expenses	22	(63,669,550)	(65,885,094)
Reversal / provision of Impairment of Trade receivables		5,516,800	(21,513,479)
<b>PROFIT FROM MAIN OPERATIONS</b>		<b>52,946,692</b>	<b>7,706,672</b>
Financial charges	24	(51,634,068)	(49,650,680)
Other income	23	30,879,672	23,219,672
Unrealized gain on financial derivative instruments		3,112,228	-
Impairment of Prepayments and other receivables		(605,747)	-
<b>PROFIT/(LOSS) BEFORE ZAKAT AND INCOME TAX</b>		<b>34,698,777</b>	<b>(18,724,336)</b>
Zakat and income tax	19	(11,483,259)	(1,983,513)
<b>NET PROFIT /(LOSS) FOR THE YEAR</b>		<b>23,215,518</b>	<b>(20,707,849)</b>
<b>NET PROFIT/ (LOSS) FOR THE YEAR ATTRIBUTABLE TO:</b>			
Shareholders of the parent Company		20,687,921	(21,028,145)
Non-controlling interest		2,527,597	320,296
		<b>23,215,518</b>	<b>(20,707,849)</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY</b>	27	<b>0.43</b>	<b>(0.47)</b>

  
Sherif Esmat  
Chief Financial Officer

  
Alwaleed A. Aldryaan  
Chief Executive Officer

  
Abdulaziz Hammad Al-Bulaihid  
Chairman

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements



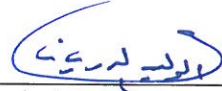
**AL KHALEEJ TRAINING AND EDUCATION COMPANY**  
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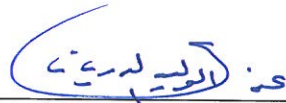
**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

(All amounts in Saudi Riyals unless otherwise stated)

	31 December 2021	31 December 2020 (Restated)
NET PROFIT / (LOSS) FOR THE YEAR	23,215,518	(20,707,849)
<b>OTHER COMPEREHNSINVE INCOME/ (LOSS)</b>		
<i>Items that will be reclassified subsequently to profit or loss:</i>		
Foreign currency translation reserve	44,077	870,897
	44,077	870,897
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Change in the fair value of investments in equity instruments	33,548,482	2,740,679
Actuarial loss on employees' post-employment benefits	(16,760,851)	(5,632,029)
<b>TOTAL OTHER COMPEREHNSINVE INCOME / (LOSS)</b>	16,787,631	(2,891,350)
<b>TOTAL OTHER COMPREHENSIVE INCOME/ (LOSS)</b>	40,047,226	(22,728,302)
<b>TOTAL OTHER COMPREHENSIVE INCOME/ (LOSS)</b>		
<b>ATTRIBUTABLE TO:</b>		
Shareholders of the parent Company	37,519,629	(23,048,598)
Non-controlling interest	2,527,597	320,296
	40,047,226	(22,728,302)

  
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Sherif Esmat  
Chief Financial Officer

  
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Alwaleed A. Aldryaan  
Chief Executive Officer

  
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Abdulaziz Hammad Al-Bulaihid  
Chairman

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements

**AL KHALEEJ TRAINING AND EDUCATION COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
(All amounts in Saudi Riyals unless otherwise stated)

	Equity attributable to the shareholders of the parent						Total equity	
	Share capital	Statutory reserve	Actuarial reserve	Retained earnings (Restated)	Foreign currency translation reserve	Fair value reserve	Equity	Non-controlling interest
								Total
Balance at 1 January 2020	450,000,000	83,043,571	(7,665,000)	59,627,704	(2,234,632)	17,952,820	600,724,463	11,097,193
Impact of prior year adjustment (Note 30)	-	-	-	28,198,924	-	-	28,198,924	(5,181,957)
Balance at 1 January 2020 – restated	450,000,000	83,043,571	(7,665,000)	87,826,628	(2,234,632)	17,952,820	628,923,387	5,915,236
Net profit for the year	-	-	-	10,742,224	-	-	10,742,224	320,296
Impact of prior year adjustment (Note 30)	-	-	-	(31,770,369)	-	-	(31,770,369)	-
Net profit for the year ended 1 January 2020 (restated)	-	-	-	(21,028,145)	-	-	(21,028,145)	320,296
Other comprehensive income for the year	-	-	(5,632,029)	-	(537,996)	2,740,679	(3,429,346)	1,408,893
Total profit and other comprehensive income	-	-	-	(21,028,145)	(537,996)	2,740,679	(24,457,491)	1,729,189
Dividends paid	-	-	-	(11,250,000)	-	-	(11,250,000)	(4,772,664)
Transfer to statutory reserve	-	-	-	-	-	-	-	-
Balance at 31 December 2020	450,000,000	83,043,571	(13,297,029)	55,548,483	(2,772,628)	20,693,499	593,215,896	2,871,761
Balance at 1 January 2021 (Restated)	450,000,000	83,043,571	(13,297,029)	55,548,483	(2,772,628)	20,693,499	593,215,896	2,871,761
Increase of share capital (Note 1)	200,000,000	-	-	-	-	-	200,000,000	-
Net profit of the year	-	-	-	20,687,921	-	-	20,687,921	2,527,597
Other comprehensive income for the year	-	-	(16,760,851)	-	44,077	33,548,482	16,831,708	-
Total profit and other comprehensive income	-	-	(16,760,851)	20,687,921	44,077	33,548,482	37,519,629	2,527,597
Expenses of Capital increase for Right issue	-	-	-	(4,022,803)	-	-	(4,022,803)	-
Dividends paid (Note 13)	-	-	-	(11,250,000)	-	-	(11,250,000)	(1,881,941)
Transfer to statutory reserve	-	2,321,552	-	(2,321,552)	-	-	-	-
Balance at 31 December 2021	650,000,000	85,365,123	(30,057,880)	58,642,049	(2,728,551)	54,241,981	815,462,722	3,517,417

Sherif Esmat  
Chief Financial Officer

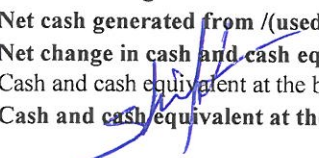
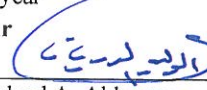
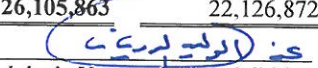
Alwaleed A. Aldryaan  
Chief Executive Officer

Abdulaziz Hammad Al-Bulaihid  
Chairman

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements

**AL KHALEEJ TRAINING AND EDUCATION COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
(All amounts in Saudi Riyals unless otherwise stated)

	31 December 2021 SR	31 December 2020 (Restated) SR
<b>OPERATING ACTIVITIES</b>		
Profit / (Loss) before zakat and income tax	34,698,777	(18,724,336)
<b>Adjustments to:</b>		
Depreciation	29,928,903	19,858,748
Right of use of assets depreciation	37,299,063	35,976,405
Intangible assets Amortization	545,344	623,728
Unrealized gain on financial derivative instruments	(3,112,228)	-
Deferred gain on sale of property and equipment	(803,748)	(803,748)
Impairment of trade receivables	(5,516,800)	24,066,484
Provision for slow moving inventory	367,518	(341,233)
Bad debts	(32,490)	(125,916)
Gain from sale of property and equipment	(1,603,140)	-
Provision for employees' end of service benefits	12,019,801	12,828,834
	103,791,000	73,358,966
<b>Net changes in working capital:</b>		
Trade receivable	(17,626,748)	(70,422,559)
Prepayments and other receivables	(51,088,108)	20,105,328
Unbilled revenue	(9,452,224)	(11,713,363)
Inventories	1,668,025	2,267,789
Due from related parties	(1,477,846)	1,430,809
Due to related parties	(240,041)	237,383
Trade and other payables	31,729,053	(36,533,411)
	57,303,111	(21,269,058)
Employees' end of service benefits paid	(20,037,003)	(13,665,079)
Zakat and income tax paid	(2,208,382)	(3,116,682)
<b>Net cash generated from / (used in) operating activities</b>	<b>35,057,726</b>	<b>(38,050,819)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(17,710,277)	(42,344,886)
Proceed from sale of property and equipment	2,996,388	-
Additions to Construction work in progress	(30,177,543)	-
Additions to intangible assets	(466,102)	(906,035)
Right of use of assets	(57,717,316)	(34,726,172)
<b>Net cash used in investing activities</b>	<b>(103,074,850)</b>	<b>(77,977,093)</b>
<b>FINANCING ACTIVITIES</b>		
Issuance of share capital	200,000,000	-
Issuance cost	(4,022,803)	-
Overdraft	(826,958)	1,268,345
Term loans, net	(41,117,056)	(25,952,259)
Lease obligations	31,050,795	4,595,094
Dividends paid	(11,250,000)	(11,250,000)
Foreign currency translation reserve	44,078	(537,996)
Non-controlling interest	(1,881,941)	(3,363,771)
<b>Net cash generated from / (used in) financing activities</b>	<b>171,996,115</b>	<b>(35,240,587)</b>
<b>Net change in cash and cash equivalent</b>	<b>103,978,991</b>	<b>(151,268,499)</b>
Cash and cash equivalent at the beginning of the year	22,126,872	173,395,371
<b>Cash and cash equivalent at the end of the year</b>	<b>126,105,863</b>	<b>22,126,872</b>
		
	Sherif Esmat	Alwaleed A. Aldryaan
	Chief Financial Officer	Chief Executive Officer
		
		Abdulaziz Hammad Al-Bulaihid
		Chairman

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements

**AL KHALEEJ TRAINING AND EDUCATION COMPANY**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
(All amounts in Saudi Riyals unless otherwise stated)

**1. CORPORATE AND GROUP INFORMATION**

**1-1 Corporate information**

Al Khaleej Training and Education Company ("the Company") is a Saudi Joint Stock Company registered under commercial registration number 1010103367 dated 30 Jamada Al Awal 1413 H (corresponding to 24 November 1992 G). The head office located at Olaya area, Riyadh.

On March 30, 2021 corresponding to Sha'aban 17, 1442 AH, the company announced the Board of Directors' recommendation to increase the capital by offering rights shares in order to enable the company to acquire assets in education. The Capital Market Authority "CMA" issued its approval of the company's request to increase The capital on September 30, 2021, and the Extraordinary General Assembly approved the capital increase on November 3, 2021 corresponding to Rabi' al-Awal 28, 1443 AH by offering rights-based shares to shareholders at an increase of 0.44 shares for each share, and the number of increase shares is 20 million shares, with a value of 200 million Riyal Saudi. After the increase, the capital became 650 million Saudi Riyal, divided into 65 million ordinary shares.

The Company and its subsidiaries (together, "the Group") are engaged in the training services for computer and related electronics services, establishment and constructions of schools and cafeterias, teaching English language, holding training courses, operation maintenance and computer software, installation of networks, infrastructures, communication systems, call centers and technical supports.

**1-2 Group information**

The following is the list of subsidiaries included in these consolidated financial statements which provide training services. The ownership percentages below as of 31 December 2021 and 31 December 2020 .

<i><b>Subsidiary companies</b></i>	<i><b>Country of incorporation</b></i>	<i><b>Direct / indirect ownership</b></i>
Fast Lane Group (Fast Lane Consultancy duty free – LTD.)	United Arab Emirates	80%
Al Khaleej Training and Information Technology Company	Egypt	57%
Online Trading Academy Duty free – LTD.	United Arab Emirates	100%
Applied Digital Media Services Company	United Arab Emirates	100%
Franklin Covey Middle East Company and its subsidiaries	United Arab Emirates	61%
Linguaphone Limited Company	United Kingdom	100%
Jobzella	Egypt	60%

**2. BASIS OF PREPARATION**

**2-1 Applied accounting policies**

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

**2-2 Basis of consolidation**

The consolidated financial statements include the financial statements of the parent company and its subsidiaries (collectively the "Group") as disclosed within note (1). Accordingly, comprises of the financial statements of the parent company and its subsidiaries as at 31 December 2021. Subsidiaries are entities which are controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.



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**2. BASIS OF PREPARATION (CONTINUED)**

**2-2 Basis of consolidation (continued)**

When the Group maintains less than the majority of voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other voting holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses its control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date that the Group gains control until the date the Group ceases to control over subsidiary.

Profit or loss and each component of consolidated comprehensive income are attributed to shareholders of the parent company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group asset and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in consolidated statement of profit or loss.
- Reclassifies the parent company's share of components previously recognized in the comprehensive income to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

**2-3 Basis of measurement**

These consolidated financial statements are prepared under the historical cost method except for the following:

- a) Financial derivative instruments measured at fair value;
- b) Investments that are measured at fair value; and
- c) Employees' post-employment benefits recognized at the present value of future obligations using the Projected Unit Credit Method.

As required by the Capital Market Authority ("CMA") through its circular dated 16th October 2016, the Group shall apply the cost model to measure the property and equipment, investment properties, and intangible assets upon adopting the IFRS for three years starting from the IFRS adoption date. And have been postponed until 31 December 2021.

**2-4 Functional and presentation currency**

These consolidated financial statements have been presented in Saudi Riyals (SR) which is the Company's functional and the Group's presentation currency. All financial information presented in SR has been rounded to the nearest SR, unless otherwise mentioned.



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2. **Basis of preparation (continued)**

**2-5 New amended standard and interpretations**

**New amendments to standards issued and applied effective in year 2021**

<b>Amendments to standard</b>	<b>Description</b>	<b>Effective for annual years beginning on or after</b>	<b>Summary of the amendment</b>
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	January 1, 2021	These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.
IFRS 16	Amendments to IFRS 16 Leasing – Covid-19 Related Rent Concessions	April 1, 2021	This amendment extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification for payments originally due on or before June 30, 2022 (rather than payment due on or before June 30, 2021).
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022	The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract. These amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022	IFRS 16: The amendment removes the illustration of the reimbursement of leasehold improvements IFRS 9: The amendment clarifies that in applying the ‘10 per cent’ test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment is to be applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. IAS 41: The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. IFRS 1: The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation difference.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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2. **Basis of preparation (continued)**

**2-5 New amended standard and interpretations (Continued)**

New amendments to standards issued and applied effective in year 2021

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Additionally, the amendments also clarify the meaning of 'testing whether an asset is functioning properly'.
IFRS 3	Reference to the Conceptual Framework	January 1, 2022	The amendment as a whole updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.
IFRS 17	Insurance Contracts	January 1, 2023	This is comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of a liability would not impact its classification.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements
IAS 8	Amendment to definition of accounting estimate	January 1, 2023	This amendments regarding the definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Income taxes	January 1, 2023	This amendment deals with clarification regarding accounting of deferred tax on transactions such as leases and decommissioning obligations
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary.

Management anticipates that these new standards interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgments in applying the Group's accounting policies**

The following are the critical judgments, apart from those involving estimations described below, that the management has made in the process of applying the Group's accounting policies and have the most significant effect on the amounts recognized in the consolidated financial statements.

**Determination of discount rate for present value calculations**

Discount rate represents the current market assessment of the risks specific to the Group, taking into consideration the tenure of the agreement and the individual risks of the underlying assets. The discount rate calculation is based on the specific circumstances of the Group.

**Actuarial valuation of employees' post-employment benefits**

The cost of the post-employment benefits ("employee benefits") under the defined benefit plan is determined using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and rate of employee turnover. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed on an annual basis or more frequently, if required.

**Fair value measurement and valuation process**

Certain Group's assets and liabilities are measured at fair value for financial reporting purposes. The Group's management is responsible to determine the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

**Useful lives of property and equipment and intangibles**

As described in note 4, the Group estimates the useful lives of property and equipment and intangibles at the end of each annual reporting period. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

**Provision for zakat**

Management has assessed the zakat position having regard to the local zakat legislation, decrees issued periodically and conventions. Interpretation of such legislation decrees and conventions are not always clear and entail completion of assessment by the Zakat, Tax and Customs Authority ("ZATCA").

**Impairment of goodwill**

The impairment test on CGUs is carried out by comparing the carrying amount of CGUs and their recoverable amount. The recoverable amount of a CGU is the higher of its fair value, less costs to sell and its value in use. This complex valuation process used to determine fair value less costs to sell and/or value in use entails the use of methods such as the discounted cash flow method which uses assumptions to estimate cash flows. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model as well as the expected future cash flows.

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**4. Significant accounting policies**

**4-1 Property and equipment**

Property and equipment are recognized initially at the cost of acquisition, including any directly attributable costs of bringing the assets to the location and condition necessary for them to operate 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.

When the major components of property and equipment have different useful lives, they are accounted for as separate items of property and equipment. Depreciation is charged to the consolidated statement of profit or loss and calculated using the straight-line method to allocate the costs of the related assets after deducting the residual values over the estimated useful lives of each item of property, plant and equipment. The following are the estimated depreciation rates for the assets:

<u>Description</u>	<u>Years</u>
Buildings	15-50
Furniture, office equipment and tools	4-9
Leasehold improvement	15 or lease period whichever is less
Vehicles	7

**Impairment**

The carrying values of property and equipment are reviewed for impairment in the case of events or changes in circumstances indicating that the carrying value may not be recoverable. When such an indication exists, and when the asset's carrying amount exceeds its recoverable amount, which is the higher of the asset's fair value less costs to sell or its value in use.

A cash-generating unit for which impairment is measured is identified as the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The carrying amount of an asset is written down directly to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**4-2 Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing 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 statement of profit or loss and expenses in the expense category consistent with the function of the intangible assets.

Intangible assets residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary.

**4-3 Goodwill**

Goodwill is the amount that results when the fair value of consideration transferred for an acquired business exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. When the Group enters into a business combination, the acquisition method of accounting is used. Goodwill is allocated, as of the date of the business combination, to cash generating units that are expected to benefit from the business combination. Each cash generating unit represents the lowest level at which goodwill is monitored for internal management purposes and it is never larger than an operating segment.

**4-4 Impairment testing on goodwill**

The Group's management performs annual impairment test of goodwill for the purpose of impairment testing and to identify whether the carrying value of goodwill is less than its recoverable value. The recoverable value is determined based on information used in the expected work plans for the five years following the consolidated financial statements and their related cash flows. Impairment testing is performed based on the measurement of current value of the future cash flows for five years in accordance with reasonable and objective assumptions to estimate cash flow depending on recent variable budgets approved by the management.

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**4. Significant accounting policies (continued)**

**4-5 Impairment of non-financial assets**

The Group assesses at each reporting date whether there is any indication that the asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount of an asset is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its usable value.

The recoverable amount of an individual asset is determined unless the asset does not generate cash inflows that are largely independent of those of other assets or a group of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Recent market transactions are taken into account in determining fair value less costs of disposal. In the event that such transactions cannot be determined, the appropriate valuation form is used. Goodwill is tested annually for impairment and no impairment losses to goodwill are reversed.

The Group bases its calculation of impairment on detailed budgets and operating plans, which are prepared separately for each of the cash-generating units of the group to which the individual assets are distributed. These operating budgets and plans generally cover a period of five years. The long-term growth rate is calculated and applied to the project's future cash flows after the fifth year.

Impairment losses from continuing operations are recognized in the consolidated statement of profit or loss in categories of expenses consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses no longer exist or have decreased. When such indication exists, the Group estimates the recoverable amount of the asset or cash-generating unit. Impairment losses are reversed so that the carrying amount of the asset does not exceed its recoverable amount and does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in previous years. This response is recognized in the consolidated statement of profit or loss.

**4-6 Cash and Cash Equivalents**

Cash and cash equivalents include bank balances and deposits with original maturities of three months or less, if any. It also includes bank overdrafts which form an integral part of the Group's cash management and are likely to fluctuate from overdrawn to positive balances.

**4-7 Equity reserves**

Share capital represents the nominal (par) value of shares that have been issued. Retained earnings include all current and prior period retained profits. All transactions with owners of the Group are recorded separately within equity.

**4-8 Statutory Reserve**

In accordance with its By-laws and the Regulations for Companies in Kingdom of Saudi Arabia, the Group is required to transfer 10% of its net profit for the year to a statutory reserve until such reserve equals 30% of its share capital. This Statutory Reserve is not available for distribution to shareholders. However, it may be used to increase capital after obtaining shareholder approval.

**4-9 Provisions**

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.



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4. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4-10 Onerous contracts**

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of fulfilling the obligations under the contract exceed the economic benefits expected to be received under it.

**4-11 Contingent liabilities**

All contingent liabilities arising from past events that will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not fully controlled by the Group or all current liabilities arising from past events but are not proven for the following reasons:

- 1) There is no possibility that the flow of external resources inherent in economic benefits will be required to settle the obligation
- 2) The amount of the obligation cannot be measured reliably they should all be assessed at the date of each financial position and disclosed in the Group's consolidated financial statements within the contingent liabilities.

**4-12 Borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The borrowings are classified as a current liability when the remaining maturity is less than 12 months.

**4-13 Employee Benefits**

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare, child education allowance, furniture allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

Employees' post-employment benefits

The liability or asset recognized in the statement of financial position in respect of defined benefit. The plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

Defined benefit costs are categorized as follows:

**Service cost**

Service costs include current service cost and past service cost are recognized immediately in the statement of profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

**Interest cost**

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefits expense in the statement of profit or loss.

**Re-measurement gains or losses**

Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

**4-14 Zakat and income tax**

Zakat is provided for in accordance with the Zakat, Tax and Customs Authority ("ZATCA") regulations. Income tax for foreign entities is provided for in accordance with the relevant income tax regulations of the countries of incorporation.

Adjustments arising from final zakat and income tax assessments are recorded in the period in which such assessments are made.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4-14 Zakat and income tax (continued)**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**4-15 Conversion of Foreign Currency Transactions**

Foreign currency transactions are converted and recorded in Saudi Rials at standard exchange rates which are periodically set to reflect average market rates or forward rates if the transactions were so covered. At the reporting date, monetary assets and liabilities denominated in foreign currencies are converted into SAR at the exchange rates ruling on such date or at the forward purchase rates if so covered. Any resulting exchange differences are charged or credited to the consolidated statement of profit or loss as appropriate.

As at the reporting date, the assets and liabilities of these subsidiaries are translated into Saudi Rials, at the rate of exchange ruling at the consolidated statement of financial position date and their consolidated statement of profit or loss are translated at the weighted average exchange rates for the year. Components of equity, other than retained earnings, are translated at the rate ruling at the date of occurrence of each component. Translation adjustments in respect of these components of equity are recorded through consolidated statement of other comprehensive income as a separate component of equity.

**4-16 Financial instruments**

**4.16.1 Financial assets**

**4.16.1.1 Classification of financial assets**

On initial recognition, a financial asset is classified as measured at amortized cost, Fair value through other comprehensive income "FVOCI" or Fair value through profit and loss "FVTPL". However, the Group as of the reporting date only holds financial asset carried at amortized cost and FVTPL.

**a) Financial assets at amortized cost**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

**b) Financial assets at FVOCI**

**Equity instruments**

On initial recognition, for an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

**c) Financial assets at FVTPL**

All other financial assets are classified as measured at FVTPL (for example equity held for trading and debt securities not classified neither as AC or FVOCI).

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Financial derivative instruments**

Financial derivative instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value in the statement of financial position with transaction costs recognized in the statement of profit or loss.

All Financial derivatives instruments are carried at their fair value as assets where the fair value is positive and as liabilities where the fair value is negative. Fair values are obtained by reference to quoted market prices, discounted cash flow models, and pricing models as appropriate.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4.16 Financial instruments (CONTINUED)**

**4.16.1 Financial assets (CONTINUED)**

**Subsequent measurement**

After initial recognition, the Company classifies its financial assets, other than financing commitments and Financial derivative instruments, at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EPR.

**4.16.1.2 De-recognition of financial assets**

A financial asset or a part of a financial asset is de-recognized when:

- The right to receive cash flows from the asset have expired, or
- The Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement: and either:
  - a) The Group has transferred substantially all the risks and rewards of the asset, or
  - b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset

**4.16.1.3 Impairment of financial assets**

The Group assesses on a forward-looking basis the life expected credit losses associated with its financial assets carried at amortized cost.

The Group applies the simplified approach as permitted by IFRS 9, which requires expected lifetime losses to be recognized from the initial recognition of receivables.

The Group uses a provision matrix in the calculation of the expected credit losses on receivables to estimate the lifetime expected credit losses, applying certain provision rates to respective contractual past due aging buckets. The provision matrix was developed considering the probability of default and loss given default which was derived from historical data of the Group and is adjusted to reflect the expected future outcome which includes macro-economic factors.

Other instruments are considered as low risk and a Group use a provisional matrix in calculating the expected credit losses.

A financial asset is written off only when:

- (i) that is past due, and
- (ii) there is no reasonable expectation of recovery

Where financial assets are written off, the Group continues to engage in enforcement activities to attempt to recover the receivables due. Where recoveries are made, after write-off, are recognized in the statement of profit or loss.

**4.16.2 Financial liabilities**

**4.16.2.1 Initial recognition**

Financial liabilities are recognized initially at fair value and in the case of borrowings, the fair value of the consideration received less directly attributable transaction costs.

**4.16.2.2 Subsequent measurements**

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the amortization process.

**4.16.2.3 Derecognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

**4.16.3 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

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4. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4.16.4 Fair value hierarchy of financial instruments**

The Group classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

**Level 1**

The fair value of financial instruments quoted in active markets is based on their quoted closing price at the statement of financial position date. Examples include exchange-traded commodity derivatives and other financial assets such as investments in equity and debt securities.

**Level 2**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions.

**Level 3**

The fair value of financial instruments that are measured on the basis of entity-specific valuations using inputs that are not based on observable market data (unobservable inputs).

**4.16.5 Effective interest method**

The effective interest method is a method of calculating the amortized cost of financial asset and liability and of allocating interest income and expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**4-17 Leases**

**a) As a lessee**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4-17 Leases (continued)**

**a) As a lessee (continued)**

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in statement of comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

**b) As a lessor**

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognizing an allowance for expected credit losses on the lease receivables.



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**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4-17 Leases (continued)**

**b) As a lessor (continued)**

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortized cost (i.e. after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

**4-18 Finance costs**

Finance costs directly attributable to the acquisition, construction or production of a qualifying as-set are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other finance costs are expensed in the period in which they are incurred and reported as 'financial charge'. Finance costs consist of interest and other costs incurred by the Group in connection with the borrowing of funds.

**4-19 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable from providing services in the ordinary course of the Group's business taking into consideration contractually determined payment terms. Revenue is stated net of trade discounts, incentives and discounts.

The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group; and when specific criteria have been met for each of the Group's activities, as described below.

The Group recognizes revenue under IFRS 15 using the following five steps model:

Step 1: Identify the contract with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price.	The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Revenue recognition	The Group recognizes revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Revenues arises mainly from providing training courses, school fees, communication service centers and education projects related to universities

Other income is realized when the related service is provided.

**4-20 Selling, Marketing, General and Administration Expenses**

Selling, Marketing, General and Administration Expenses include direct and indirect costs not specifically part of cost of revenue. Allocations between cost of revenue and selling, marketing, general and administration Expenses, when required, are made on a consistent basis.

**4-21 Segment reporting**

**Operating segment**

The operating segment is one of the components of the group, which carries out activities from which it may generate revenues and incur expenses, including revenues and expenses related to transactions with any of the other segments of the group. All segment results are periodically evaluated by the operating decision maker to make decisions and assess the performance of the resources allocated to each segment and the financial information available separately.

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4. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4-21 Segment reporting (continued)**

**Operating segment (continued)**

Segment results that are reported to the operating decision maker include items directly attributable to the segment as well as those that can be allocated on an appropriate basis. Head office expenses, research and development costs, related assets/liabilities, and zakat assets and liabilities.

The Group has four operating sectors, in the Kingdom of Saudi Arabia (Training - University - Management Projects - Smart Link (Call centers) - Schools). Each segment has reached the quantitative limits referred to in IFRS 8 Segment Reporting Standard. Accordingly, reports on operating segments have been disclosed in the accompanying consolidated financial statements.

**Geographical segment**

A geographical segment is a group of assets, operations or entities engaged in profitable activities in a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

**4-22 Earnings per share**

The Group presents basic and diluted earnings per share (if any) for the common share. Basic earnings per share are calculated from net profit or loss by dividing the profit or loss attributable to ordinary equity holders of the Group by the weighted average number of common shares outstanding during the year, adjusted by the number of ordinary shares repurchased or issued during the year. Diluted earnings per share are adjusted by the profit or loss attributable to common equity holders of the Group and the weighted average number of shares outstanding during the year with the effect of all of the common shares that are likely to be issued.

**4-23 Dividends**

Dividends are recorded in the consolidated financial statements in the period in which they are approved by the shareholders of the Group.

Interim dividends are recorded as liability in the period in which they are approved by the Board of Directors.

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**5. INTANGIBLE ASSETS**

	<b>31 December 2021</b>	31 December 2020	1 January 2020
Goodwill (a)	<b>25,639,990</b>	25,639,990	25,639,990
Franchise rights and software (b)	<b>6,227,538</b>	6,306,780	6,024,473
	<b>31,867,528</b>	31,946,770	31,664,463

**a) Impairment assessment on goodwill:**

The Group's management performs annual impairment test of goodwill for the purpose of impairment assessment and to identify whether the carrying value of goodwill is less than its recoverable value. The recoverable value is determined based on information used in the expected work plans for the five years following the financial statements and their related cash flows. Impairment assessment is performed based on the measurement of current value of the future cash flows for five years in accordance with reasonable and objective assumptions to estimate cash flow depending on recent variable budgets approved by the management.

Management believes that there is no reasonable probable change in any key assumptions that may lead to a significant change in goodwill over its recoverable value

Goodwill has been allocated to cash-generating units of the Group as follows:

	<b>31 December 2021</b>	31 December 2020	1 January 2020
Fast Lane Group (Fast Lane Consultancy duty free – LTD.)	<b>5,583,436</b>	5,583,436	5,583,436
Franklin Covey Middle East Company and its subsidiaries	<b>2,346,883</b>	2,346,883	2,346,883
Jobzella	<b>2,296,875</b>	2,296,875	2,296,875
Linguaphone Limited Company	<b>15,412,796</b>	15,412,796	15,412,796
	<b>25,639,990</b>	25,639,990	25,639,990

**b) Franchise rights and software**

The franchise rights and software amortized over a period of 10 years. The movement during the year is as follows:

	<b>31 December 2021</b>	31 December 2020	1 January 2020
<b><u>Cost:</u></b>			
At the beginning of the year	<b>14,736,421</b>	13,830,386	11,847,181
Additions	<b>466,103</b>	906,035	1,983,205
At the end of the year	<b>15,202,524</b>	14,736,421	13,830,386
<b><u>Accumulated amortization:</u></b>			
At the beginning of the year	<b>8,429,641</b>	7,805,913	7,014,171
Additions	<b>545,344</b>	623,728	791,742
At the end of the year	<b>8,974,985</b>	8,429,641	7,805,913
<b>Net book value</b>	<b>6,227,538</b>	6,306,780	6,024,473

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### 6. PROPERTY AND EQUIPMENT

	2021						2020	2019
	*Lands	Buildings	Furniture, office equipment and tools	Leasehold improvement	Vehicles	Construction work in progress	Total	Total
<b>Cost:</b>								
At the beginning of the year	65,602,309	60,901,304	205,066,127	210,613,044	12,770,590	168,999,769	723,953,143	681,861,332
Reclassification	1,344,505	22,508,440	(19,609,186)	23,386,848	(7,099,984)	(20,530,623)	--	-
Additions	-	-	6,866,153	10,587,230	256,894	30,177,543	47,887,820	42,344,886
Transfer	-	147,541,414	-	-	-	(147,541,414)	-	-
Disposal	-	-	(441,365)	-	(969,373)	-	(1,410,738)	(253,075)
At the end of the year	<u>66,946,814</u>	<u>230,951,158</u>	<u>191,881,729</u>	<u>244,587,122</u>	<u>4,958,127</u>	<u>31,105,275</u>	<u>770,430,225</u>	<u>723,953,143</u>
<b>Accumulated depreciation:</b>								
At the beginning of the year	-	31,554,401	134,030,188	87,290,867	11,727,411	-	264,602,867	244,997,194
Reclassification	-	(6,596,613)	(9,638,012)	24,789,568	(8,554,943)	-	--	-
Depreciation of the year	-	5,490,742	14,032,460	10,307,053	98,648	-	29,928,903	19,858,748
Disposals	-	-	(17,490)	-	-	-	(17,490)	(253,075)
At the end of the year	<u>-</u>	<u>30,448,530</u>	<u>138,407,146</u>	<u>122,387,488</u>	<u>3,271,116</u>	<u>-</u>	<u>294,514,280</u>	<u>264,602,867</u>
<b>Net book value:</b>								
At 31 December 2021	<u>66,946,814</u>	<u>200,502,628</u>	<u>53,474,583</u>	<u>122,199,634</u>	<u>1,687,011</u>	<u>31,105,275</u>	<u>475,915,945</u>	
At 31 December 2020	65,602,309	29,346,903	71,035,939	123,322,177	1,043,179	168,999,769	459,350,276	
At 31 December 2019	65,602,309	26,148,989	80,550,999	110,972,938	710,216	154,851,461		436,864,138

\* Certain plot of land amounting to SR 81 M are mortgaged with several local banks against long-term loans (note 15).

Depreciation charge for the year has been allocated as follows:

	31 December 2021	31 December 2020
Cost of revenue (Note 21)	26,526,455	13,718,554
General and administrative expenses (Note 22)	3,402,448	6,140,194
	<u>29,928,903</u>	<u>19,858,748</u>

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**7. INVESTMENT IN EQUITY INSTRUMENTS AT FVTOCI**

	<b>31 December 2021</b>	31 December 2020	1 January 2020
Investments in equity (A)	<b>17,023,499</b>	15,688,499	14,004,000
Investments in fund (B)	<b>288,337,074</b>	256,123,592	255,067,412
<b>At 31 December</b>	<b><u>305,360,573</u></b>	<u>271,812,091</u>	<u>269,071,412</u>

A. The balance of investments in equity instruments at fair value through other comprehensive income as at 31 December 2021 represents the 14.7% (5,000 share) stake in NWHW Holdings Inc, the company registered in Delaware, USA. No dividends were received during the year ended 31 December 2021 and 2020.

	<b>31 December 2021</b>	31 December 2020	1 January 2020
At 1 January	<b>15,688,499</b>	14,004,000	18,930,188
Change in fair value	<b>1,335,000</b>	1,684,499	(4,926,188)
<b>At 31 December</b>	<b><u>17,023,499</u></b>	<u>15,688,499</u>	<u>14,004,000</u>

The fair value has been determined based on the lowest level of significant inputs used in fair value measurement, as inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly and observable market data.

The Group has used most recent valuation report as at 31 December 2021, which has been prepared solely to determine the fair value of NWHW's common stock, on a non-marketable minority interest basis.

B. The Groups has acquired a 26.4 million units of Al Rajhi REIT. Dividends were received during the year ended 31 December 2021 (Note 23).

	<b>31 December 2021</b>	31 December 2020	1 January 2020
Additions	<b>256,123,592</b>	255,067,412	232,359,547
Change in fair value	<b>32,213,482</b>	1,056,180	22,707,865
<b>At 31 December</b>	<b><u>288,337,074</u></b>	<u>256,123,592</u>	<u>255,067,412</u>

The fair value has been determined based on the lowest level of significant inputs used in fair value measurement, as inputs quoted prices (unadjusted) in active markets for identical assets or liabilities.

Alkhlaeej company is the master tenant of Baraem Rowad Al Khaleej Intl Kindergarten, Riyadh, Rowad Al Khaleej International Schools in Riyadh, Rowad Al Khaleej International Schools in Dammam. And this budling owned by Al Rajhi REIT., the lease term is 15 years starting from December 24th, 2019G.

The units owned by Alkhlaeej company in Al Rajhi REIT lockup by the Al Rajhi REIT Fund against the remaining of lease payment which not due, the lockup period stated in the Terms and Conditions is (3) years beginning from 06/01/2020G, as a guarantee to pay the rent for the entire remaining period of the lease contracts.

C. Change in fair value

	<b>31 December 2021</b>	31 December 2020
Balances at 1 January	<b>20,693,499</b>	17,952,820
Unrealized gain	<b>33,548,482</b>	2,740,679
<b>At 31 December</b>	<b><u>54,241,981</u></b>	<u>20,693,499</u>

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**8. CASH AND CASH EQUIVALENT**

	<b>31 December 2021</b>	31 December 2020	1 January 2020
Cash at banks	<b>124,172,971</b>	16,474,377	164,206,395
Cash in hand	<b>1,932,892</b>	5,652,495	9,188,976
	<b>126,105,863</b>	22,126,872	173,395,371

Cash at banks are maintained in non-interest-bearing current account.

**9. TRADE RECEIVABLES**

	<b>31 December 2021</b>	31 December 2020	1 January 2020
Trade receivable	<b>419,415,101</b>	401,820,843	333,825,372
Allowance for impairment of receivables	<b>(57,040,488)</b>	(62,589,778)	(41,076,299)
	<b>362,374,613</b>	339,231,065	292,749,073

Trade receivables includes SR 284 million (31 December 2020: SR 266 million and 1 January 2020: SR 240 million) due from government and quasi-government institutions. in which balance amounting to SR 151 million is due over one year as of 31 December 2021 (31 December 2020: SR 103 million). The Group's management believes the wholly collectability of these amounts. In the estimation of the Group's management, it is expected that uncollectible receivables will be collected. The Group does not obtain guarantees or collateral as security against these receivables. The Group applies the IFRS 9 simplified approach to measuring 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 historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

**Aging of trade receivables is as follows:**

	<b>31 December 2021</b>	31 December 2020	1 January 2020
1-30 days	<b>157,977,186</b>	155,279,567	130,943,655
31-90 days	<b>37,237,832</b>	35,116,033	28,897,397
91-365 days	<b>55,319,039</b>	52,166,980	42,928,822
Over 1 year	<b>168,881,044</b>	159,258,263	131,055,498
	<b>419,415,101</b>	401,820,843	333,825,372

Movements in the allowance of impairment of other financial assets were as follows:

	<b>31 December 2021</b>	31 December 2020	1 January 2020
Opening balance	<b>62,589,778</b>	41,076,299	20,529,207
Provision for the year	-	21,639,395	21,239,987
Reversal	<b>(5,516,800)</b>	-	-
Write-off during the year	<b>(32,490)</b>	(125,916)	(692,895)
Ending balance	<b>57,040,488</b>	62,589,778	41,076,299

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**10. PREPAYMENTS AND OTHER RECEIVABLES**

	<b>31 December 2021</b>	31 December 2020	1 January 2020
Prepaid expenses	<b>53,065,777</b>	32,757,445	54,276,862
Advances under purchase of investments*	<b>31,180,313</b>	-	-
Dividend's receivable	<b>7,393,259</b>	10,012,795	-
Employee's receivable	<b>2,159,828</b>	3,078,679	4,081,527
Refundable deposit	<b>557,212</b>	748,440	1,776,108
Advances to suppliers	<b>99,372</b>	63,145	11,964,216
Tax	<b>371,562</b>	1,300,020	-
Advances to associates (NWHW – USA)	<b>2,829,205</b>	-	-
Other receivables	<b>15,064,121</b>	13,672,018	9,639,157
	<b>112,720,649</b>	61,632,542	81,737,870

\* On 22 Muharram 1443H (corresponding to 30 August 2021G) the Group signed a sale and purchase agreement to acquire 60% of the ownership stakes of Al-Roqi National Schools Company a LLC entity CR No.10101899899 in KSA, As part of the acquisition consideration the Group paid in advance SR 31 million. The Group held control of the investment on 1 January 2022G.

**11. INVENTORIES**

Inventories comprise mainly books and educational curriculums distributed during courses.

	<b>31 December 2021</b>	31 December 2020	1 January 2020
Inventories	<b>10,441,180</b>	<b>12,109,205</b>	<b>14,376,994</b>
provision for slow moving inventory	<b>(800,494)</b>	(432,976)	(774,209)
	<b>9,640,686</b>	<b>11,676,229</b>	<b>13,602,785</b>

**11.1.Movement in provision for slow moving inventory is as follows:**

	<b>31 December 2021</b>	31 December 2020	1 January 2020
Opening	432,976	774,209	774,209
Provision made during the year	<b>367,518</b>	--	--
Reversal made during the year	--	(341,233)	--
Closing	<b>800,494</b>	432,976	774,209



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**12. RELATED PARTIES TRANSACTIONS AND BALANCES**

Related parties of the Group include shareholders, Board of Directors, key management personnel and entities of which they are principal owners.

The terms of the transactions with related parties are approved by the Group's management. Transactions with related parties are entered in the normal course of the Group's business. These balances are expected to be settled in the normal course of business. Pricing policies and terms of these transactions are at arm's length.

The Group's related parties' transactions and balances are as follows:

***Related parties' transactions:***

<u>Related party</u>	<u>Nature of transactions</u>	<b>31 December 2021</b>	31 December 2020	1 January 2020
		<b>SR</b>	SR	SR
Companies owned by directors	Rent as lessee	<b>900,000</b>	900,000	900,000
	Rent as lessor	<b>1,366,000</b>	1,366,000	1,366,000
<b><u>Key management remuneration</u></b>				
Board of directors	Bonuses	<b>1,200,000</b>	900,000	900,000
	Allowances	<b>175,500</b>	135,000	111,375
<b><i>Short-term benefits:</i></b>				
Salaries including bonuses	Salaries and bonuses	<b>10,502,696</b>	9,515,796	12,390,196
<b><i>Post-employment benefits:</i></b>				
Termination benefits	End of service	<b>10,258,749</b>	9,545,697	8,430,952

***Related parties' balances:***

	<b>31 December 2021</b>	31 December 2020	1 January 2020
	<b>SR</b>	SR	SR
<b>a. Due from related parties</b>			
Companies owned by directors	<b>1,477,846</b>	-	1,430,809
	<b>1,477,846</b>	-	1,430,809
<b>b. Due to related parties</b>			
Companies owned by directors	-	240,041	2,658
	-	240,041	2,658

Balances due at the end of each year are unsecured and do not bear commissions and are settled in cash.

The Group confirmed that it will continue provide financial support to its subsidiary "LinguaPhone Group Limited" to enable it to meet its liabilities the fall due for a period of twelve months from date of signing the subsidiary financial statements. The Group - as the sole shareholder in LinguaPhone - confirmed not to recall any amounts owed to it until the subsidiary "LinguaPhone" has sufficient resources.

The Group has not recorded any impairment loss on amounts due from related parties. Valuation of impairment is performed every financial year by examining the financial position of the related entity and the market in which the entity is involved.

**13. DIVIDENDS**

On 13 Shawal 1442H corresponding to May 25, 2021, the Ordinary General Assembly approved dividends in the amount of SR 11.250 million at a value of 0,25 Saudi riyal per share (January 2020: 11.250 million Saudi riyals at a value of 0,25 Saudi riyal per share).

**14. SHARE CAPITAL**

The Company's capital consists of 65 Million shares as at 31 December 2021 (31 December 2020: 45 Million shares) of SR 10 each.

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**15. BORROWINGS**

The Group obtained long-term and short-term loans from several local banks to finance the Group's projects and build buildings for educational establishments during the period. The loans are charged a commission equal to the Saudi inter-bank borrowing rate (SAIBOR). All loans are secured by order bonds and the pledge of part of the Group's land and Units in AL Rajhi REIT owned by the Group.

The agreements include covenants which, among other things, require the Group to maintain certain financial ratios. As at 31 December 2021, the Group was not in compliance with certain covenants of the financing agreements accordingly the arrangements amounting to SR 42 million were classified as current and presented under short-term borrowings in this consolidated financial position.

	<u>Riyadh Bank</u>	<u>Arab National Bank</u>	<u>Saudi British Bank</u>	<u>Al Rajhi Bank</u>	<u>National Commercial Bank</u>	<u>Banque Saudi Fransi</u>	<u>Al Inma Bank</u>	<u>Al Jazera Bank</u>	<u>Total</u>
<b>31-Dec-2021</b>									
Short-term	---	99,000,000	14,500,000	---	---	65,512,518	---	25,238,807	204,251,325
Long-term:									
Current	35,360,452	---	---	---	---	---	---	---	35,360,452
Non-current	141,441,807	---	---	---	---	---	---	---	141,441,807
<b>Total</b>	<b>176,802,259</b>	<b>99,000,000</b>	<b>14,500,000</b>	<b>---</b>	<b>---</b>	<b>65,512,518</b>	<b>---</b>	<b>25,238,807</b>	<b>381,053,584</b>
<b>31-Dec-2020</b>									
Short-term	6,400,000	104,000,000	27,000,000	20,000,000	15,000,000	28,613,840	52,000,000	8,000,000	261,013,840
Long-term:									
Current	---	---	---	---	---	---	---	---	---
Non-current	---	140,000,000	---	---	---	21,156,800	---	---	161,156,800
<b>Total</b>	<b>6,400,000</b>	<b>244,000,000</b>	<b>27,000,000</b>	<b>20,000,000</b>	<b>15,000,000</b>	<b>49,770,640</b>	<b>52,000,000</b>	<b>8,000,000</b>	<b>422,170,640</b>
<b>1-Jan-2020</b>									
Short-term	140,000,000	70,000,000	8,000,000	20,000,000	20,000,000	31,993,901	35,000,000	--	324,993,901
Long-term:									
Current	--	17,142,857	--	7,441,557	--	--	--	--	24,584,414
Non-current	--	85,714,286	--	12,830,298	--	--	--	--	98,544,584
<b>Total</b>	<b>140,000,000</b>	<b>172,857,143</b>	<b>8,000,000</b>	<b>40,271,855</b>	<b>20,000,000</b>	<b>31,993,901</b>	<b>35,000,000</b>	<b>--</b>	<b>448,122,899</b>

	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>1 January 2020</b>
<b>Current portion</b>			
Long-term financial facilities	<b>35,360,452</b>	-	24,584,414
<b>Non-current portion</b>			
Long-term financial facilities	<b>141,441,807</b>	161,156,800	98,544,584
	<b>176,802,259</b>	161,156,800	123,128,998

The long-term borrowings include finance cost payable amounting to SR 1,377,298 (31 December 2020: SR 5,640,888 and 1 January 2020: SR 1,813,000).

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**16. RIGHT OF USE ASSETS AND LEASE OBLIGATIONS, NET**

The table below shows the right to use assets balance in and the depreciation charged as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>1 January 2020</b>
<b>Cost</b>			
Balance at the beginning of the year	<b>466,213,960</b>	431,487,788	161,624,037
Additions	<b>57,717,315</b>	34,726,171	269,863,751
<b>Balance at the end of year</b>	<b>523,931,275</b>	504,979,259	431,487,788
<b>Accumulated depreciation</b>			
Balance at the beginning of the year	<b>52,000,738</b>	16,024,333	-
Depreciation for the year	<b>37,299,063</b>	35,976,405	16,024,333
<b>Balance at the end of year</b>	<b>89,299,800</b>	52,000,738	16,024,333
<b>Net book value</b>	<b>434,631,475</b>	414,213,221	415,463,455

The lease obligations as at the end of the year are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>1 January 2020</b>
Balance at beginning of the year	<b>466,033,512</b>	461,438,417	150,083,583
Additions during the year	<b>57,698,577</b>	34,726,171	348,252,630
Interest charged during the year (note 24)	<b>36,074,131</b>	35,013,411	7,954,253
Lease payment during the year	<b>(62,721,914)</b>	(65,144,487)	(44,852,049)
<b>Balance at the end of year</b>	<b>497,084,306</b>	466,033,512	461,438,417
	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>1 January 2020</b>
Non-current lease obligations	<b>472,230,091</b>	442,731,836	438,366,496
Current lease obligations	<b>24,854,215</b>	23,301,676	23,071,921
<b>Total lease obligations</b>	<b>497,084,306</b>	466,033,512	461,438,417

The rate applied is 6% and 10% (31 December 2020: 6% ,10% and 1 January 2020: 6%,10%) for all the leases of the company based on varying lease terms.

	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>1 January 2020</b>
Less than one year	<b>24,854,215</b>	23,301,676	23,071,921
1-5 years	<b>119,300,233</b>	111,848,043	110,745,220
More than 5 years	<b>352,929,857</b>	330,883,794	327,621,276
	<b>497,084,306</b>	466,033,512	461,438,417

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**16. RIGHT OF USE ASSETS AND LEASE OBLIGATIONS, NET (CONTINUED)**

The depreciation from right of use and finance cost from the recognized lease obligations during the year ended December 31, 2021 and December 31, 2020 amounted, and they are classified as follows:

	<b>31 December 2021</b>	31 December 2020
Finance cost of lease liabilities (Note 24)	<b>36,074,131</b>	35,013,411
Depreciation expense (Note 22)	<b>37,299,063</b>	35,976,405

The obligations resulting from the acquisition of assets through finance leases consists of the following:

- a) Leased building through sale and lease back. As the Group has completed, on 15 December 2015, the sale of a newly constructed management building in Al-Ghadeer area in Riyadh, the cost of which is approximately SR 58.9 million, to Manafe' Holding Company, at a selling price of SR 75 million, in order to finance the Group's expansion in educational projects. The Group then leased back the building for 20 years ending in the year 2034. Gain from the sale transaction, amounting to approximately SR 16 million, was deferred in accordance with the requirements of the Standard of Accounting for Leases issued by the Saudi Organization for Certified Public Accountants, and will be recognized in subsequent periods in correlation with depreciation as the leaseback was classified as a lease. During the year 2016 the rental value of the land for the building was separated and classified as an operating lease (with present value of SR 48.7 million). In the consolidated statement of profit or loss the Group recognized an amount of SR 803,748 as gain from sale of the building (31 December 2020: SR 803,748).
- b) Schools leased building in Dammam on 25 August 2016, the Group has signed a contract with Mohammed Abdulaziz Al Rajhi & Sons Investment Group, to lease Al Ishraq Building Schools for 20 years.
- c) Three schools leased in Dammam and Riyadh on 23 December 2019, the Group has signed a sale and leaseback contract with Al Rajhi Capital Fund, to lease Dammam Schools, Moghrazat Schools and Sahafa Schools for 15 years.

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**17. EMPLOYEES' END OF SERVICE BENEFITS**

The Group manages the end of service benefits program for its employees in accordance with the requirements of the labor law in the Kingdom of Saudi Arabia.

The movement in the provision for employees' end of service benefits for the year is based on actuarial assumptions:

	<b>31 December 2021</b>	31 December 2020	1 January 2020
Opening balance	<b>60,808,916</b>	56,013,132	53,965,487
Provision for the year	<b>9,751,801</b>	10,395,834	15,897,132
Interest on defined benefit obligations	<b>2,268,000</b>	2,433,000	
Payment during the year	<b>(20,037,003)</b>	(13,665,079)	(20,165,487)
Remeasurements of the Net Defined Benefit Liability	<b>16,760,851</b>	5,632,029	6,316,000
Ending balance	<b>69,552,565</b>	60,808,916	56,013,132
	<b>31 December 2021</b>	31 December 2020	1 January 2020
Less than a year	<b>24,343,398</b>	21,283,121	19,604,596
1-5 years	<b>41,731,539</b>	36,485,350	33,607,879
More than 5 years	<b>3,477,628</b>	3,040,445	2,800,657
	<b>69,552,565</b>	60,808,916	56,013,132
<i>Significant actuarial assumptions</i>	<b>31 December 2021</b>	31 December 2020	1 January 2020
<b><u>Financial assumptions</u></b>			
Discount rate	<b>3%</b>	4.00%	4.40%
Salary increase rate	<b>0.25%</b>	0.25%	1.25%
<b><u>Demographic assumptions</u></b>			
Employee turnover rate	<b>45%</b>	40%	40%
<i>Sensitivity analysis</i>	<b>31 December 2021</b>	31 December 2020	1 January 2020
Discount rate +1%	<b>(52,952,000)</b>	(53,516,000)	(50,031,000)
Discount rate -1%	<b>(58,735,000)</b>	(60,339,000)	(56,605,000)
Long-term salary increase rate +1%	<b>(58,888,000)</b>	(60,445,000)	(56,684,000)
Long-term salary increase rate -1%	<b>(52,778,000)</b>	(53,373,000)	(49,913,000)
Employee turnover rate +1%	<b>(56,509,000)</b>	(57,195,000)	(53,357,000)
Employee turnover rate -1%	<b>(54,719,000)</b>	(56,126,000)	(52,767,000)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability of all schemes recognized within the statement of financial position.

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**18. TRADE AND OTHER PAYABLES**

	<b>31 December 2021</b>	31 December 2020	1 January 2020
Accrued expense	44,964,638	51,208,797	56,849,732
Trade and notes payables	26,604,925	19,843,807	23,397,048
Advanced from customers	5,315,117	242,835	5,882,944
VAT Payable	6,701,608	4,773,582	26,255,837
Deferred revenue	25,188,969	3,747,480	0
Other payables	6,012,150	3,274,342	7,238,693
	<b>114,787,407</b>	<b>83,090,843</b>	119,624,254

**19. ZAKAT AND INCOME TAX PAYABLE**

a) Zakat Status

The Group had submitted its consolidated zakat declarations for all years up to 2020 and paid zakat obligations accordingly. The Group has obtained zakat certificate valid until 29 Ramadan 1443H (corresponding to 30 April 2022).

The Group has received letters dated 22 December 2020 from the ZATCA related to the zakat assessment for the years from 2015 to 2018 with zakat payable amount of SR 25,084,981. The Group disagrees with ZATCA assessment and filed an appeal during 2021. the Management are confident on favorable outcome of the field appeals. Accordingly, the company has taken additional provision

The Group has received letters dated 21 October 2021 from the ZATCA related to the zakat assessment for the years 2019 and 2020 with zakat payable amount of SR 37,134,367. The Group disagrees with ZATCA assessment and filed an appeal during 2021, and the Management based on the conclusion reached by its external zakat expert are confident on favorable outcome of the field appeals. Accordingly, the company has taken additional provision of 9 million to overcome the probable risk

b) The Zakat movement during the year ended 31 December was as follows:

	<b>31 December 2021</b>	31 December 2020	1 January 2020
At the beginning of the year	<b>1,474,691</b>	2,607,860	2,731,086
Charge for the year	<b>11,483,259</b>	1,983,513	2,675,299
Paid during the year	<b>(2,208,382)</b>	(3,116,682)	(2,798,525)
At the end of the year	<b>10,749,568</b>	1,474,691	2,607,860

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**20. COST OF REVENUE**

	<b>31 December 2021</b>	<b>31 December 2020</b>
Staff Cost	<b>545,598,794</b>	553,225,244
Direct Materials	<b>42,625,025</b>	20,773,726
Depreciation (Note 6)	<b>26,526,455</b>	13,718,554
Amortization (Note 5 , 16)	<b>36,619,475</b>	35,637,139
Office Expenses	<b>55,910,799</b>	39,865,316
Total	<b>707,280,548</b>	663,219,979

**21. SELLING AND MARKETING EXPENSES**

	<b>31 December 2021</b>	<b>31 December 2020</b>
Salary and wages	<b>17,910,513</b>	18,717,502
Promotions and gifts	<b>2,182,133</b>	860,557
Advertising	<b>5,744,645</b>	9,425,462
	<b>25,837,291</b>	29,003,521

**22. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>31 December 2021</b>	<b>31 December 2020</b>
Salary and wages and other benefits	<b>50,215,642</b>	54,064,718
Rent	<b>2,451,339</b>	1,998,288
Depreciation (Note 6)	<b>3,402,448</b>	6,140,194
Governmental and professional fees and consultation	<b>3,150,277</b>	2,414,217
Board of Director's compensation	<b>1,287,000</b>	900,000
Other expenses	<b>3,162,844</b>	367,677
	<b>63,669,550</b>	65,885,094

**23. OTHER INCOME, NET**

	<b>31 December 2021</b>	<b>31 December 2020</b>
Al Rajhi reit Dividends (note 7)	<b>14,786,517</b>	13,054,540
Rental income	<b>12,887,815</b>	9,361,384
Deferred gain from sale of property and equipment	<b>803,748</b>	803,748
Gain from sale of property and equipment	<b>1,603,140</b>	-
Others	<b>798,452</b>	-
	<b>30,879,672</b>	23,219,672

**24. FINANCE COST**

	<b>31 December 2021</b>	<b>31 December 2020</b>
Finance cost – Lease Liabilities (Note 16)	<b>36,074,131</b>	35,013,411
Finance cost – Murabaha (Note 15)	<b>15,559,937</b>	14,637,269
	<b>51,634,068</b>	49,650,680



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**25. FINANCIAL DERIVATIVE INSTRUMENTS CARRIED AT FVTPL**

	<b>31 December 2021</b>	31 December 2020	1 January 2020
Profit rate swaps	<u><b>3,112,228</b></u>	<u>-</u>	<u>-</u>

**26. CONTINGENT AND COMMITMENTS**

**a) Contingencies**

- The Group's banks issued, on its behalf and during its normal course of business bank guarantees amounted to SR 108.7 million as at 31 December 2021 (31 December 2020: SR 88.3 million).
- The Group confirmed that it will continue provide financial support to its subsidiary "LinguaPhone Group Limited" to enable it to meet its liabilities the fall due for a period of twelve months from date of signing the subsidiary financial statements. The Group - as the sole shareholder in LinguaPhone - confirmed not to recall any amounts owed to it until the subsidiary "LinguaPhone" has sufficient resources.

**b) Commitments**

The capital expenditure committed by the Company but not incurred till 31 December 2021 amounting to SR 134.8 million (31 December 2020: SR 90 million).

**27. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing profit / (loss) for the year attributable to the Group's ordinary shareholders by the weighted average number of ordinary shares outstanding during the year amounting to 65,000,000 shares (2020: 45,000,000 share). Diluted earnings per share is the same as basic earnings per share as the Group has no diluted instruments

	<b>31 December 2021</b>	31 December 2020 (Restated)
Profit / (loss) for the year	<b>20,687,921</b>	(21,028,145)
Weighted average number of ordinary shares	<u><b>48,178,082</b></u>	<u>45,000,000</u>
Earnings per share	<u><b>0.43</b></u>	<u>(0.47)</u>

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**28. SEGMENT INFORMATION**

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

The segment results and assets comprise items that are 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- Training**

**a. Computer**

Serves individual and corporate segments. Individual segment incorporates training courses with period from three months to two years diploma corporate segment incorporates all advanced programming, networking and computer solutions. The Group follows the global methodology of New Horizon Company, of which the Group owns the franchise in the middle east region.

**b. 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.

**2- University**

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.

**3- Management Projects**

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. This segment consists of all the subsidiaries of the group outside the Kingdom along with the Head Office sector.

**4- Smart Link (Call centers)**

This segment provides management and operating the customer service centers via telephone as well as the digital technologies means for a number of Government and private companies.

**5- Schools**

This segment is engaged in incorporating private educational schools for (boys/girls) from KG to grade 12 within the Kingdom of Saudi Arabia. Currently, the segment manages and operates a number of school's chain (American Curriculum) in the cities of Riyadh, Dammam, Dhahran and Jeddah in the Kingdom Saudi Arabia.

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**29. SEGMENT INFORMATION**

	<u>Management Projects</u>	<u>Training</u>	<u>Smart Link</u>	<u>Universities</u>	<u>Schools</u>	<u>Total</u>
<b><u>31 December 2021</u></b>						
Revenues	101,787,931	162,942,718	383,183,752	77,612,517	118,690,363	844,217,281
Depreciation and amortization	5,660,448	11,572,661	17,725,773	191,097	32,077,987	67,227,966
Profit before zakat and income tax	13,380,558	8,568,012	7,773,093	2,578,492	2,398,622	34,698,777
Total assets	261,276,861	179,253,227	397,071,588	36,579,577	1,032,879,395	1,907,060,648
Total liabilities	363,666,221	28,837,533	235,037,999	10,380,394	450,157,911	1,088,080,059
Capital expenditure	3,862,377	3,390,558	7,472,821	245,412	32,916,652	47,887,820
<b><u>31 December 2020 (Restated)</u></b>						
Revenues	67,977,142	122,609,960	376,253,378	92,325,887	128,162,378	787,328,745
Depreciation and amortization	6,400,222	5,849,913	10,132,274	168,098	33,284,646	55,835,153
Profit before zakat and income tax	(12,157,378)	(2,515,692)	1,680,817	(1,188,955)	(4,542,927)	(18,724,136)
Total assets	207,826,803	199,759,549	363,941,904	59,753,389	815,108,439	1,646,390,084
Total liabilities	117,828,338	165,756,969	53,466,192	54,533,722	657,717,206	1,050,302,427
Capital expenditure	2,217,555	5,146,885	14,957,627	320,581	19,702,240	42,344,886

Foreign revenues did not meet any of the quantitative limits referred to in IFRS8 "Operating Segments" and therefore the geographical segments information was not disclosed.

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**30. RESTATEMENT AND RECLASSIFICATION FOR PRIOR YEARS FIGURES**

**30.1** Certain comparative figures have been reclassified wherever necessary for better presentation.

**30.2** During the year ended 31 December 2021, the management of the Group identified the Right-of-use assets and Lease obligations of a Lease contract as un-recorded and reassessment of Right-of-use assets and Lease obligation. Accordingly, the management of the Group restated the impact on assets and liabilities for the years ended 31 December 2019 and 2020.

**30.3** During the year ended 31 December 2021, the management of the Group identified That the Goodwill is recorded more than it's carrying value Accordingly, the management of the Group restated the impact on Goodwill for the years ended 31 December 2019 and 2020.

**30.4** The impact of the restatements and reclassification the financial position as at January 1, 2020:

<b>Restatement in the statement of financial position</b>	<b>Balance as previously reported 1 January 2020</b>	<b>Effect of prior year adjustment</b>	<b>Effect of prior year reclassification</b>	<b>Balance restated 1 January 2020</b>	<b>Description</b>
Right of use assets	298,061,214	117,402,241	-	415,463,455	This restatement occurred as a result of the management reassessment of application of IFRS16.
Lease obligations, non-Current portion	359,175,461	(79,191,035)	-	279,984,426	
Current portion of lease obligations	(16,552,771)	(6,519,150)	-	(23,071,921)	
Intangible assets, net	40,718,000	(6,681,602)	(2,371,935)	31,664,463	This restatement occurred as a result of the management identified that the Goodwill is recorded more than it's carrying value.
Non-controlling interest	(11,097,193)	5,181,957	-	(5,915,236)	
Accounts receivable	286,170,469	(1,993,487)	8,572,091	292,749,073	
Cash and cash equivalent	181,967,462	-	(8,572,091)	173,395,371	Reclassification of certain comparative figures
Actuarial Reserve	-	-	7,665,000	7,665,000	
Prepayments and other receivables	79,365,935	-	2,371,935	81,737,870	
Retained earnings	(51,962,704)	(28,198,924)	(7,665,000)	(87,826,628)	

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**30. RESTATEMENT AND RECLASSIFICATION FOR PRIOR YEARS FIGURES (CONTINUED)**

**30.5** The impact of the restatements and reclassification the financial position as at December 31, 2020:

<b>Restatement in the statement of financial position</b>	<b>Balance as previously reported December 31 2020</b>	<b>Effect of prior year adjustment</b>	<b>Effect of prior year reclassification</b>	<b>Balance restated December 31 2020</b>	<b>Description</b>
Right-of-use assets	288,339,299	125,873,922	-	414,213,221	This restatement occurred as a result of the management reassessment of application of IFRS16
Lease obligations, non-Current portion	(322,627,742)	(120,104,094)	-	(442,731,836)	
Current portion of lease obligations	(17,453,535)	(5,848,141)	-	(23,301,676)	
Intangible assets, net	41,000,307	(6,681,602)	(2,371,935)	31,946,770	This restatement occurred as a result of the management identified that the Goodwill is recorded more than it's carrying value
Non-controlling interest	(8,053,718)	5,181,957	-	(2,871,761)	
Accounts receivable	335,093,729	(1,993,487)	6,130,823	339,231,065	
Retained earnings	(44,716,647)	2,465,193	(13,297,029)	(55,548,483)	
Statutory reserve	(84,149,823)	1,106,252	-	(83,043,571)	Due to restatements made on Consolidated Statement of Profit or Loss, the management reversed Statutory reserve provided in 2020.
Prepayments and other receivables	52,226,972	-	9,405,570	61,632,542	Reclassification of certain comparative figures
Inventory, net	11,138,818	-	537,411	11,676,229	
Trade and other payable	(74,866,539)	-	(8,224,304)	(83,090,843)	
Cash and cash equivalent	28,271,875	-	(6,145,003)	22,126,872	
Actuarial reserve	-	-	13,297,029	13,297,029	
Banks Overdraft	(5,496,872)	-	667,438	(4,829,434)	

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**30. RESTATEMENT AND RECLASSIFICATION FOR PRIOR YEARS FIGURES (CONTINUED)**

**30.6** The impact of the restatements and reclassification the Consolidated Statement of Profit or Loss for the year ended December 31, 2020:

Restatement in the statement of Income statements	Balance as previously reported December 31 2020	Effect of prior year adjustment	Effect of prior year reclassification	Balance restated December 31 2020	Description
Cost of revenues	(683,728,338)	(6,925,854)	27,434,213	(663,219,979)	This restatement occurred as a result of the management reassessment of application of IFRS16
Financial charges	(14,637,269)	(7,579,198)	(27,434,213)	(49,650,680)	
Impairment of Trade receivables	(4,248,162)	(17,265,317)	-	(21,513,479)	This restatement occurred as a result of the inappropriate application of IFRS16 in the first adoption which mistakenly resulted in early 2020 in reducing Impairment of Trade receivables by SR 17.3 million.
General and administrative expenses	(50,885,094)	-	(15,000,000)	(65,885,094)	Reclassification of certain comparative figures
Selling and marketing expenses	(44,003,521)	-	15,000,000	(29,003,521)	

**30.7** The Earning per share restated due to the restatements made on the statement of Profit and Loss for the year ended December 31, 2020.

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**31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Group's principal financial liabilities include borrowings, lease liabilities on right of use assets, , accounts payable, revenue received in advance, accrued expenses and other current liabilities due to a related party. The Group's principal financial assets consist of accounts receivable, prepaid expenses and other current assets, cash and cash equivalents, due from a related party. The main financial risks arising from the Group's financial instruments are market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk. Management reviews and aligns policies to manage those risks.

**31-1 Market risk**

It is the risk of fluctuation in a financial instrument due to changes in prices prevailing in the market, such as Share price risk, foreign exchange rates and interest rates, which affect the group's income or the value of its financial instruments. . Market risk management aims to manage and control market risk exposures within acceptable parameters, while maximizing returns. There has been no change in the Group's exposure to market risk or the way it is managed and how it is measured.

**31-1-1 Share Price risk**

The Groups listed and unlisted investments are sensitive to price risks, arising from uncertainties about fair values of investment securities. The following table shows a breakdown of exposure to equity shares and their impact on equity, along with the percentage change in equity prices.

**31-1-2 Interest rate risk**

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group is exposed to interest rate risk on its interest bearing assets and liabilities, which mainly consist of bank facilities and borrowings. Management limits interest rate risk by monitoring changes in interest rates. Management monitors changes in interest rates and believes that the cash flow and interest rate risks to the fair value of the Group are not significant. Group receivables and payables carried at amortized cost are not subject to interest rate risk as defined in IFRS7 as the carrying amount or future cash flows do not change due to changes in market interest rates. however, the Group is exposed to fair value interest rate risk on borrowings.

The Group's exposure to risk of changes in interest rates are as follows:

	<b>31 December 2021</b>	31 December 2020
Variable interest rate borrowings	<b>342,975,606</b>	405,843,275
Fixed interest rate borrowings	<b>42,080,455</b>	21,156,800

All existing credit facility agreements are concluded with local banks and are compatible with the provisions of Islamic Sharia.

**Sensitivity analysis**

The following table shows the sensitivity of income to reasonably possible changes in interest rates, with other variables held constant, there is no direct impact on the equity of the Group.

	<b>31 December 2021</b>		<b>31 December 2020</b>	
	<b>Increase 100 points</b>	<b>Reduce 100 points</b>	<b>Increase 100 points</b>	<b>Reduce 100 points</b>
Variable interest rate borrowings	<b>38,505,606</b>	<b>(38,505,606)</b>	42,700,008	(42,700,008)
Changes in cash flow	<b>38,505,606</b>	<b>(38,505,606)</b>	42,700,008	(42,700,008)

**31-1-3 Foreign currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi riyal, United States dollar, Pound Sterling, Egyptian Pound and Arab Emirate Dirham. Other transactions in foreign currencies are not material. Currency risk is managed on regular basis.



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**31. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)**

**31-1 Market risk (CONTINUED)**

**31-1-3 Foreign currency risk (CONTINUED)**

The Group operates internationally and is exposed to currency risk arising from exposure to different currencies. The Group also has investments in subsidiaries and associates whose net assets are exposed to currency risk. These risks are currently reflected in currency exchange rate fluctuations between the Saudi Riyal, the UAE Dirham, the Pound Sterling, Egyptian Pound and the US Dollar. The exchange rate fluctuation between Saudi riyal, the UAE dirham and the pound are recorded in a separate line item in equity in the consolidated financial statements.

**31-2 Credit risk**

It is the risk that one party will not be able to fulfill its obligations, causing financial losses to the other party. The Group does not have a significant concentration of credit risk. Cash and cash equivalents are deposited with local banks with high credit ratings. Accounts receivable and other receivables are mainly due from customers in the local market and are stated at their estimated collectible value. The Group has policies in place to reduce its exposure to credit risk. The carrying amounts of the financial assets represent the maximum credit risk.

**Account receivables**

31 December 2021	Current	31 to 90 days	91 to 365 days	over 1 year	Total
Book Value	157,977,186	37,237,832	55,319,039	168,881,044	419,415,101
ECL	10,536,053	3,872,333	2,979,027	39,653,075	57,040,488
31 December 2020	Current	31 to 90 days	91 to 365 days	over 1 year	Total
Book Value	155,279,567	35,116,033	52,166,980	159,258,263	401,820,843
ECL	7,556,403	2,458,122	4,173,358	48,401,895	62,589,778
1 January 2020	Current	31 to 90 days	91 to 365 days	over 1 year	Total
Book Value	130,943,655	28,897,397	42,928,822	131,055,498	333,825,372
ECL	6,218,253	2,022,818	3,434,306	29,400,923	41,076,299

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**31. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)**

31-2 Credit risk (CONTINUED)

**31-3 Liquidity risk**

It is the risk that the Group will encounter difficulty in obtaining the financing necessary to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at a value close to its fair value. Liquidity risk is managed by regularly monitoring the adequacy of liquidity available to meet the Group's financial obligations. The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and established conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following table summarizes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

<b>31-Dec-21</b>	<b>Carrying Value</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
Lease liabilities on right-of-use assets	497,084,305	24,854,215	119,300,233	352,929,857
Borrowings	381,053,584	204,251,325	91,452,860	85,349,399
Banks overdraft	4,002,477	4,002,477	-	-
Deferred gain from sale of property and equipment	10,850,602	803,748	3,214,992	6,831,862
Trade and other payables	114,787,407	114,787,407	-	-
	<b>1,007,778,375</b>	<b>348,699,172</b>	<b>213,968,085</b>	<b>445,111,118</b>
<b>31-Dec-20</b>	<b>Carrying Value</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
Lease liabilities on right-of-use assets	466,033,513	23,301,676	111,848,043	330,883,794
Borrowings	422,170,640	261,013,840	102,480,018	58,676,782
Banks overdraft	4,829,435	4,829,435	-	-
Deferred gain from sale of property and equipment	11,654,350	803,748	3,214,992	7,635,610
Trade and other payables	83,090,843	83,090,843	-	-
Due to a related party	240,041	240,041	-	-
	<b>988,018,822</b>	<b>373,279,583</b>	<b>217,543,053</b>	<b>397,196,186</b>
<b>01-Jan-20</b>	<b>Carrying Value</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
Lease liabilities on right-of-use assets	466,033,513	23,301,676	111,848,043	330,883,794
Borrowings	448,122,899	349,578,315	98,544,584	-
Banks overdraft	3,561,090	3,561,090	-	-
Deferred gain from sale of property and equipment	12,458,098	803,748	3,214,992	8,439,358
Trade and other payables	119,624,254	119,624,254	-	-
Due to a related party	2,658	2,658	-	-
	<b>1,049,802,512</b>	<b>496,871,741</b>	<b>213,607,619</b>	<b>339,323,152</b>

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors its capital base using the net debt to equity ratio. Net debt is calculated as borrowings less cash and cash equivalents.

**31.FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)**

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**31-3 Liquidity risk (CONTINUED)**

The following is the net debt to equity ratio of the Group at the end of the year:

	<b>31-Dec-21</b>	<b>31-Dec-20</b>	<b>01-Jan-20</b>
Borrowings	<b>180,804,736</b>	427,000,075	451,683,989
Less:			
Cash and cash equivalents	<b>(126,105,863)</b>	(22,126,872)	(173,395,371)
Net debt	<b>54,698,873</b>	404,873,203	278,288,618
Total equity attributed to company shareholders	<b>815,462,723</b>	593,215,896	628,923,387
Net debt rate to equity	<b>7%</b>	68%	44%

**32. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group's financial assets consist of cash and bank balances, investment, restricted cash deposits and other receivables, its financial liabilities consist of trade payables, financial facilities and other liabilities.

The Group's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement

All financial assets and liabilities are measured at amortized cost except investment carried at FVOCI and Financial derivative instruments at FVTPL. The carrying amounts of all other financial assets and financial liabilities measured at amortized cost approximate to their fair values.

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**32. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The following table shows the fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

<u>31 December 2020 (Restated)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>FINANCIAL ASSETS</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
Investment in equity instruments at fair value through other comprehensive income	256,123,592	-	15,688,499	271,812,091
Financial derivative instruments	-	-	-	-
<u>1 January 2020 (Restated)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>FINANCIAL ASSETS</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
Investment in equity instruments at fair value through other comprehensive income	255,067,412	-	14,004,000	269,071,412
Financial derivative instruments	-	-	-	-

The above financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined:

<u>Financial assets / financial liabilities</u>	<u>Valuation technique(s) and key input(s)</u>	<u>Significant unobservable input(s)</u>	<u>Relationship and sensitivity of unobservable inputs to fair value</u>
Al-Rajhi Riet Fund	Market data	N/A	N/A
NWHW Holdings	Expert valuation	N/A	N/A

Financial derivative instruments classified as Level 2 comprise profit rate swaps. These derivatives are fair valued using widely recognized valuation models. The data inputs to these models are based on observable market parameters relevant to the markets in which they are traded and are sourced from widely used market data service providers.

**33. CREDITOR'S COMPENSATION AND SUBSCRIPTION TO RIGHT ISSUE SHARES**

The results of trading right Issue and subscribing to new shares were the subscription of (17,849,800) shares of the new offered shares out of a total number of (20,000,000) shares, with a value of SR 178,498,000, and the coverage ratio of the total new shares offered was 89.25%, and the remaining shares that were not subscribed were offered, amounting to (2,150,200) shares in the auction, and the average selling price of the sold shares was SR 17.12 per share, and the total amount of the proceeds from the sale of unsubscribed shares was SR 36,814,760, bringing the net compensation amount belonging to the owners of right Issue to SR 15,312,760. It was agreed with Arab National Bank to distribute the proceeds from the sale of right issue to shareholders, and they were distributed on December 8, 2021. The costs of offering and subscribing to the right issue shares amounted to SR 4,022,803

**34. SUBSEQUENT EVENTS**

There have been no significant subsequent events for the year-ended which require additional disclosure or adjustment in these consolidated financial statements.

**35. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The Board of Directors has approved the consolidated financial statements on 28<sup>th</sup> Shabaan 1443 H (corresponding to 31<sup>th</sup> March, 2022.G).