

30 July 2024

Site enters Training Cooperation Agreement with Saudi Water Academy

Announcement highlights:

- Agreement finalised with major governmental department to facilitate training and assist with the achievement of national workforce strategy.
- Exclusive usage of SWA owned training facility with initial capacity for up to 1,100 students on a dual-shift rotation or 550 students on a single shift.
- Line of sight to impactful revenue opportunity. Under the new revenue model Site will receive the full revenue for training which ranges between US\$980-US\$1,120 per student per month compared with US\$375 as a subcontractor previously.
- Under the new structure, annual revenue potential grows to in excess of US\$7m for each new training centre based on a single shift rotation.
- Site Saudi Arabia business now well positioned to participate in the Saudi Arabian government's exciting Saudisation project and grow in the region.

Site Group International Limited ("Site", ASX: SIT), a leading provider of education and training services, is pleased to announce the signing of a training cooperation agreement with the Saudi Water Academy (SWA). This agreement serves as an umbrella arrangement facilitating long-term cooperation between the two entities.

Access to State-of-the-Art Facilities

Under this agreement, Site gains access to the SWA training facility in Jubail, which includes:

- 32 halls for lectures, meetings, and seminars;
- 20 laboratories and training workshops;
- 7 simulators; and
- Fully equipped housing for 240 trainees.

Site has provisioned access to enough classrooms and workshops to train 550 students on a single shift, with the capability to run on a double shift, doubling training capacity. This significant milestone enables Site to serve the human resource needs of the booming construction sector in the eastern region and offers the capability to service female trainees, as the facility is coeducational.

Supporting Saudisation and Meeting Training Demands

The continued Saudisation efforts further demand for high-quality training services. For instance, the Ministry of Human Resources and Social Development mandated from 21 July 2024 that companies must have 25% of engineering roles filled by Saudi nationals. As Saudisation extends to more trades in construction, mining, and oil and gas, the demand for vocational training services is expected to rise.

Funding Model

Site Group is eligible for funding from the Human Resource Development Fund (HRDF), which sponsors 75% of training fees, with the remaining 25% covered by employers. This funding model, previously adopted by our clients, will now form a substantial part of our business model, including in the mining sector. Saudi companies are employing Saudis to meet workforce nationalisation targets, typically ranging from 20-40% depending on the sector.

Operational Milestones and Future Prospects

Site is in the final stages of formalising training licenses and expects to commence training by September coinciding with the start of the academic year. The placements available at SWA are anticipated to be quickly absorbed given the shortage of industrial training centres in the region.

The restructure by Site of its corporate structure in the Kingdom of Saudi Arabia (KSA) allows Site to recognise all revenue generated. Previously, Site faced operational constraints, including:

- Lack of independent licenses, limiting service delivery to clients within the consortium's network.
- Operations restricted under clients' banners, which operated as not-for-profits and focused solely on internal networks.
- Local incorporation requirements that necessitated appropriate Ministry of Commerce and TVTC licenses, precluding operations under the Australian entity.

Under the new revenue model, Site will control the full revenue which for construction training ranges between US\$980 - \$1,120 per student per month, compared to the previous US\$375 per student per month as a subcontractor. This new structure significantly increases revenue potential, representing approximately \$6.7m USD for each training centre with a capacity of 500 students. While Site will now be responsible for all operational costs, including rent, foundation programs, management, administration, and maintenance, this model enhances the capability to replicate the training model across the Kingdom in other sectors and regions whilst maintaining historical margins.

With these operational constraints addressed, Site is well-positioned to expand its training services and support the growing demand in the region.

Site remains optimistic about building the Company's previously announced growth trajectory and supporting development across the Kingdom.



Pictured above. On the left: Mohammed Akbery, Site's Regional CEO with Dr Fawaz Al Ghamdi, Director of Saudi Water Academy.



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Further information:

Company

Craig Dawson

CFO

+61 (7) 3114 5188

craig.dawson@site.edu.au

Principal & Registered Office: Level 2, 52 Merivale Street, South Brisbane QLD 4101

About Site Group:

Site Group International Ltd (ASX: SIT) provides training services for the oil and gas, construction, mining, hospitality and industrial sectors. Having served global blue-chip clients such as ExxonMobil, GE, Shell and OceanaGold, the Site team have extensive experience in developing and upskilling international workforces at scale within a niche featuring high barrier to entry competencies. Following years of disruption due to Covid, the company is being recapitalised by existing and new investors so it can pursue a number of growth opportunities, most notably in developing and upskilling the workforce in Saudi Arabia in partnership with oil giant Saudi Aramco under the Kingdom's Vision 2030.

Site's balance sheet is bolstered by a significant investment in a large commercial land holding in Clark, the Philippines, representing an added tangible development-for-sale opportunity on the back of the Philippines government's efforts to decentralise the country away from Manila.