

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

Interim Condensed Consolidated Financial Statements (Unaudited)
And Independent Auditor's Review Report
For The Three Months Period Ended March 31, 2025

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

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Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Statements

To the Shareholders, Al Khaleej Training and Education Company

(A Saudi Listed Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Khaleej Training and Education Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at March 31, 2025 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three months period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standards (IAS 34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (2410), 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

Baker Tilly Professional Services

Bader Hatem Al Tamimi

(License No. 489)

Riyadh on Dhul Qadah 17, 1446H
Corresponding to May 15, 2025G



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

Interim Condensed Consolidated Statement of Financial Position
As At March 31, 2025

(All amounts in Saudi Riyals unless otherwise stated)

	Note	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
ASSETS			
Non-current assets			
Property and equipment		685,930,350	682,833,132
Right of use assets		430,070,228	441,355,980
Intangible assets		110,872,204	111,871,970
Financial assets at FVTOCI		134,017,517	135,149,147
Non-current portion of net investment in leases	7	156,691,758	153,019,375
Financial derivative instrument carried at FVTPL		3,324,369	4,590,800
Recoverable amount from employees' defined benefits obligation		17,435,092	15,125,675
		1,538,341,518	1,543,946,079
Current assets			
Inventories		3,062,403	2,709,611
Trade receivables	8	402,203,881	368,231,187
Contract assets	9	74,746,600	54,901,834
Current portion of net investment in leases	7	30,035,648	33,949,364
Due from related parties	11	12,161,557	14,990,906
Prepayments and other assets		64,654,536	63,095,675
Cash and cash equivalents		43,294,224	69,270,402
		630,158,849	607,148,979
Total assets		2,168,500,367	2,151,095,058
EQUITY AND LIABILITIES			
EQUITY			
Share capital		650,000,000	650,000,000
Actuarial reserve		(61,210,064)	(61,210,064)
Accumulated losses		(26,691,685)	(27,737,549)
Foreign currency translation reserve		(7,997,776)	(8,655,963)
Fair value reserve		(31,503,789)	(30,372,159)
Total equity attributable to the shareholders of the Company		522,596,686	522,024,265
Non-controlling interests		51,332,403	48,496,970
Total equity		573,929,089	570,521,235

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

Al Khaleej Training and Education Company

(A Saudi Listed Joint Stock Company)

Interim Condensed Consolidated Statement of Financial Position (Continued)**As At March 31, 2025**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
LIABILITIES			
Non-current liabilities			
Non-current portion of lease liabilities		631,793,298	644,183,173
Non-current portion of long-term borrowings		267,072,697	278,219,629
Employees' defined benefits obligation		104,409,789	98,446,655
Deferred gain from sale and leaseback transactions		7,434,673	7,635,610
		1,010,710,457	1,028,485,067
Current liabilities			
Short-term borrowings and bank overdrafts		189,873,006	202,015,093
Current portion of long-term borrowings		64,246,510	60,463,137
Current portion of deferred gain from sale and leaseback transactions		803,748	803,748
Current portion of lease liabilities		99,235,037	91,845,010
Trade payables		55,695,058	65,271,319
Contract liabilities	9	59,063,541	32,713,666
Due to related parties	11	-	750,905
Accrued expenses and other liabilities		102,411,628	84,801,911
Zakat and income tax payable		12,532,293	13,423,967
		583,860,821	552,088,756
Total liabilities		1,594,571,278	1,580,573,823
Total equity and liabilities		2,168,500,367	2,151,095,058

Chief Financial Officer
Sherif Esmat



Chief Executive Officer
Hatem Aldarayan



Chairman of Board of Directors
Abdulaziz Alrashed



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

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

Interim Condensed Consolidated Statement of Profit or Loss (Unaudited)
For the Three months Period ended March 31, 2025
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2025	2024 (Restated, note 17)
Continuing operations			
Revenue	15	287,954,064	274,303,576
Cost of revenue		(233,505,065)	(229,799,798)
Gross profit		54,448,999	44,503,778
Selling and marketing expenses		(3,477,941)	(3,414,114)
General and administrative expenses		(29,104,703)	(37,759,103)
(Charged) reversal of Expected credit loss	8	(2,435,139)	3,046,188
Other income, net	12	3,666,137	83,523,482
Operating profit		23,097,353	89,900,231
Finance cost		(19,772,715)	(19,450,850)
Finance income		3,672,383	1,039,802
(Loss) profit from revaluation of financial derivative instruments carried at FVTPL		(1,266,431)	437,846
Profit before zakat and income tax		5,730,590	71,927,029
Zakat and income tax		(1,849,293)	(4,094,043)
Profit from continuing operations for the period		3,881,297	67,832,986
Net loss from discontinued operations		-	(998,742)
Profit for the period		3,881,297	66,834,244
<u>Net profit from continuing operations attributable to:</u>			
Shareholders of the Company		1,045,864	66,272,853
Non-controlling interest		2,835,433	1,560,133
		3,881,297	67,832,986
<u>Net profit for the period attributable to:</u>			
Shareholders of the Company		1,045,864	65,274,111
Non-controlling interest		2,835,433	1,560,133
		3,881,297	66,834,244
<u>Basic and diluted earnings per share for profit attributable to the shareholders of the Company:</u>			
Net profit for the period	13	0.02	1.00
Net profit from continuing operations	13	0.02	1.02

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Al Khaleej Training and Education Company

(A Saudi Listed Joint Stock Company)

Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)**For the Three months Period ended March 31, 2025**

(All amounts in Saudi Riyals unless otherwise stated)

	<u>2025</u>	<u>2024</u> (Restated, note 17)
Profit for the period	<u>3,881,297</u>	<u>66,834,244</u>
<u>Other Comprehensive Income</u>		
<u>Items that will be reclassified subsequently to profit or loss:</u>		
Foreign currency translation differences	658,187	(2,464,915)
<u>Items that will not be reclassified subsequently to profit or loss:</u>		
Change in the fair value of investments in equity instruments carried at fair value through other comprehensive income	(1,131,630)	(2,263,263)
Other comprehensive losses for the period	<u>(473,443)</u>	<u>(4,728,178)</u>
Total comprehensive income for the period	<u>3,407,854</u>	<u>62,106,066</u>
<u>Total comprehensive income for the period attributable to:</u>		
Shareholders of the Company	572,421	60,545,933
Non-controlling interest	2,835,433	1,560,133
	<u>3,407,854</u>	<u>62,106,066</u>
<u>Total comprehensive income (loss) for the period attributable to shareholders of the Company:</u>		
Continuing operations	572,421	61,544,675
Discontinued operations	-	(998,742)
	<u>572,421</u>	<u>60,545,933</u>

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Al Khaleej Training and Education Company

(A Saudi Listed Joint Stock Company)

Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)**For the Three Months Period Ended March 31, 2025**

(All amounts in Saudi Riyals unless otherwise stated)

	Attributable to the shareholders of the Company							Non-controlling interests ("NCI")	Total equity
	Share capital	Statutory reserve	Actuarial reserve	Accumulated losses	Foreign currency translation reserve	Fair value reserve	Total		
As at January 1, 2025	650,000,000	-	(61,210,064)	(27,737,549)	(8,655,963)	(30,372,159)	522,024,265	48,496,970	570,521,235
Profit for the period	-	-	-	1,045,864	-	-	1,045,864	2,835,433	3,881,297
Other comprehensive losses for the period	-	-	-	-	658,187	(1,131,630)	(473,443)	-	(473,443)
Total comprehensive income for the period	-	-	-	1,045,864	658,187	(1,131,630)	572,421	2,835,433	3,407,854
As at March 31, 2025	650,000,000	-	(61,210,064)	(26,691,685)	(7,997,776)	(31,503,789)	522,596,686	51,332,403	573,929,089
As at January 1, 2024	650,000,000	83,043,571	(56,650,746)	(191,849,048)	(7,064,287)	(21,965,752)	455,513,738	49,254,175	504,767,913
Profit for the period	-	-	-	65,274,111	-	-	65,274,111	1,560,133	66,834,244
Other comprehensive losses for the period	-	-	-	-	(2,464,915)	(2,263,263)	(4,728,178)	-	(4,728,178)
Total comprehensive income for the period (Restated, Note 17)	-	-	-	65,274,111	(2,464,915)	(2,263,263)	60,545,933	1,560,133	62,106,066
Transfers from Statutory Reserve (Note 14)	-	(83,043,571)	-	83,043,571	-	-	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	-	(2,017,219)	(2,017,219)
As at March 31, 2024	650,000,000	-	(56,650,746)	(43,531,366)	(9,529,202)	(24,229,015)	516,059,671	48,797,089	564,856,760

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Al Khaleej Training and Education Company

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Interim Condensed Consolidated Statement of Cash Flows (Unaudited)**For the Three months Period ended March 31, 2025**

(All amounts in Saudi Riyals unless otherwise stated)

	2025	2024
		(Restated, note 17)
Cash flows from operating activities		
Profit before zakat and income tax from continuing operations	5,730,590	71,927,029
Loss from discontinued operations	-	(998,742)
Adjustments for non-cash items:		
Depreciation of property and equipment	7,731,109	7,286,180
Depreciation of right-of-use assets	11,285,981	11,365,805
Amortization of intangible assets	1,916,319	1,800,726
Impairment of net investment in leases	-	8,044,587
Gain from net investment in lease transaction	-	(76,098,343)
Deferred gain from sale and leaseback transactions	(200,937)	(200,937)
Employees defined benefits obligations incurred	6,360,846	7,800,034
(Charge) reverse expected credit loss	2,435,139	(3,046,188)
Loss (profit) from revaluation of financial derivative instruments carried at FVTPL	1,266,431	(437,846)
Loss from disposal of right-of-use assets	-	173,012
Finance cost	19,772,715	19,450,850
Finance income	(3,672,383)	(1,039,802)
	52,625,810	46,026,365
Changes in working capital items:		
Inventories	(375,901)	226,669
Trade receivables	(36,414,681)	(13,051,708)
Contract assets	(19,844,766)	(33,307,758)
Due from related parties	2,829,349	(308,591)
Prepayments and other assets	(1,558,861)	(6,854,889)
Trade payables	(9,576,261)	(2,533,944)
Contract liabilities	26,349,875	(1,891,269)
Due to related parties	(490,146)	(432,786)
Accrued expenses and other liabilities	17,609,717	11,387,205
Cash generated from (used in) operations	31,154,135	(740,706)
Employees' defined benefits obligation paid	(2,707,129)	(4,449,798)
Zakat and income tax paid	(2,746,625)	(1,581,596)
Net cash generated from (used in) operating activities	25,700,381	(6,772,100)
Changes in working capital related to assets and liabilities classified as held for sale	-	(23,584)
Net cash generated from (used in) operating activities	25,700,381	(6,795,684)
Cash flows from investing activities		
Purchase of property and equipment	(10,028,892)	(6,422,643)
Purchase of intangible assets	(542,344)	(114,768)
Proceeds from net investment in leases	3,913,716	1,430,643
Net cash used in investing activities	(6,657,520)	(5,106,768)

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

Al Khaleej Training and Education Company

(A Saudi Listed Joint Stock Company)

Interim Condensed Consolidated Statement of Cash Flows (Unaudited) (Continued)**For The Three months Period ended March 31, 2025**

(All amounts in Saudi Riyals unless otherwise stated)

	2025	2024 (Restated, note 17)
Cash flows from financing activities		
Proceeds from long-term loans and borrowings	16,000,000	39,380,715
Repayment of long-term loans and borrowings	(23,363,559)	(23,620,092)
Net change in short-term borrowings	(12,142,087)	31,021,405
Finance cost paid	(10,003,768)	(10,429,631)
Principal element of lease liabilities paid	(4,998,520)	(15,311,059)
Interest elements of lease liabilities paid	(10,564,397)	(11,011,676)
Dividends paid to non-controlling interests	-	(2,017,219)
Net cash (used in) generated from financing activities	(45,072,331)	8,012,443
Net change in cash and cash equivalents during the period	(26,029,470)	(3,890,009)
Cash and cash equivalents at the beginning of the period	69,270,402	28,906,359
Effects of foreign currency translation on cash and cash equivalents	53,292	(43,483)
Cash and cash equivalents at end of the period	43,294,224	24,972,867
<u>Non-cash transactions:</u>		
Finance costs related to borrowings capitalized to property and equipment	795,450	1,865,072
Finance cost related to lease liabilities capitalized to property and equipment	122,034	125,385
Derecognition of right of use assets related to a sublease	-	101,132,014

Chief Financial Officer
Sherif Esmat



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Abdulaziz Alrashed



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

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

Notes to the Interim Condensed Consolidated Financial Statement (Unaudited)
For The Three months Period ended March 31, 2025
(All amounts in Saudi Riyals unless otherwise stated)

1. COMPANY INFORMATION

Al Khaleej Training and Education Company ("the Company") is A Saudi Listed Joint Stock Company registered under commercial registration number 1010103367 and the unified national number of the Company 7001363006 dated Jamada Al Awal 30, 1413 H (corresponding to November 25, 1992 G). The shares of the company are listed on the stock exchange.

The registered address of the Head Office is building number 8480, unit number 5, Wadi Al-Thumamah, Olaya, Riyadh 12213, Kingdom of Saudi Arabia.

The Company and its subsidiaries (collectively, "the Group") are engaged in operating schools for primary and secondary education with an international curriculum, IT & Computer training institutes, teaching languages and communication skills institutes, providing high management consulting services and integrated office administrative services activities, establishing and operating call centers.

2. LIST OF PRINCIPAL SUBSIDIARIES

The Group's principal subsidiaries as at the period-end are set out below. The share capital of the subsidiaries consists solely of ordinary shares that are held directly by the Company. The country of incorporation mentioned in the table below is also the principal place of business of each respective subsidiary, except as otherwise stated.

Name of subsidiary	Country of incorporation	Activities	Effective ownership percentage	
			2025	2024
Advanced Communication Systems and Solutions Company	KSA	Information, communications, administrative activities and support services	100%	100%
Linguaphone Group Limited	UK	A world-leading provider of self-study and classroom-based language courses	100%	100%
Al-Faisaliyah National Schools Company – LTD	KSA	Education	87%	87%
Fast Lane Computer Consultancy (Civil Business Corporation)	UAE	Computer skills training	80%	80%
Stage 2 Learning Solutions (Civil Business Corporation)	UAE	Computer systems consultancies	80%	80%
Franklin Covey Middle East and its subsidiaries	UAE	Training in human resource behaviour	61%	61%
Al – Roqi National Schools Company – LTD	KSA	Education	60%	60%
Jobzella for Information Technology FZ – LLC	UAE, operation in Egypt	Professional online career network for job seekers and employers to connect	60%	60%
Al Khaleej Training and Information Technology Company	Egypt	Training courses for English and IT	57%	57%
Al-Riyadah Model Education Company	KSA	Education	51%	51%

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

Notes to the Interim Condensed Consolidated Financial Statement (Unaudited)
For The Three months Period ended March 31, 2025
(All amounts in Saudi Riyals unless otherwise stated)

2. COMPANY INFORMATION (Continued)

Acquisitions and investments

The Group signed a share purchase agreement on March 28, 2024, to acquire 1.6 million ordinary shares representing 80% ownership in Adhwa'a Al-Hidaya Private Schools Company for Boys and Girls. As part of this share purchase agreement, the Company will issue 22.9 million new ordinary shares as an in-kind consideration to the owners of Adhwa'a Al-Hidaya Private Schools Company for Boys and Girls. The completion of this share purchase agreement is subject to a number of approvals from competent authorities, which the Group is in the process of obtaining as of the date of approval of these interim condensed consolidated financial statements.

On March 26, 2025, the Company agreed with the Selling Shareholder to extend the expiry date of the Agreement from March 31, 2025 to June 30, 2025.

3. BASIS OF PREPARATION

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") which is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

The interim condensed consolidated financial statements do not include all the information and disclosures required in a full set of consolidated financial statements prepared in accordance with International Financial Reporting Standards. Accordingly, these interim condensed consolidated financial statements are to be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2024.

The interim period is considered as an integral part of the full fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results for the full-year operations.

Basis of measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except for the following:

- Defined benefits plan measured at the present value of future obligations using the Projected Unit Credit Method;
- Investments in equity instruments measured at fair value through other comprehensive income; and
- Investment in financial derivatives is measured at fair value through profit or loss.

Furthermore, these interim condensed consolidated financial statements are prepared using the accrual basis of accounting and the going concern basis.

4. FUNCTIONAL AND PRESENTATION CURRENCY

The interim condensed consolidated financial statements are presented in Saudi Riyal, which is the Company's functional and the Group's presentation currency.

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

Notes to the Interim Condensed Consolidated Financial Statement (Unaudited)
For The Three months Period ended March 31, 2025
(All amounts in Saudi Riyals unless otherwise stated)

5. USE OF ESTIMATES AND ASSUMPTIONS

The Group makes certain estimates and assumptions regarding the future. Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

The significant estimates made by the Group for managing the Group's accounting policies and the primary sources of estimating the reliability were the same as those that were applied in the consolidated financial statements for the year ended December 31, 2024.

6. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies and calculation methods applied in preparing the interim condensed consolidated financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended December 31, 2024, except for the application of the new amendments that became effective on January 1, 2025. The Group did not early adopt any other standard, interpretation or amendment issued but not yet effective.

New Standards, Amendment to Standards and Interpretations

There are no new standards issued that are effective for these interim condensed consolidated financial statements; however, there are number of amendments to standards which are effective from January 1, 2025 and have been explained in the Group's annual consolidated financial statements, but they do not have a material effect on the Group's interim condensed consolidated financial statements.

7. NET INVESTMENT IN LEASES

	March 31, 2025	December 31, 2024
As at January 1	186,968,739	73,193,462
Additions*	-	177,230,357
Disposal	-	(63,034,390)
Finance income	3,672,383	12,769,333
Impairment	-	(9,857,175)
Collection	(3,913,716)	(3,332,848)
As at the end of the period/year	186,727,406	186,968,739
Non-current portion	156,691,758	153,019,375
Current portion	30,035,648	33,949,364

* The Group signed a sublease contract for an educational and residential complex situated in Qurtubah for a period of 19 years and 8 months. The total rentals as per the signed sublease contract amount to SR 379.6 million receivable over the period of the sublease. This transaction resulted in a reduction of the balance of the right-of-use asset by SR 101.1 million and recognition of gain amounting to SR 76.1 million.

During this period, the Group entered into a 20-year sublease agreement for its building located in Riyadh Al Jazeera District. The total rental value under the signed sublease contract is SR 220.6. The building is currently under construction, and the expected commencement date of the sublease will be in June 2025.

Al Khaleej Training and Education Company

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Notes to the Interim Condensed Consolidated Financial Statement (Unaudited)**For The Three months Period ended March 31, 2025**

(All amounts in Saudi Riyals unless otherwise stated)

8. TRADE RECEIVABLES

	March 31, 2025	December 31, 2024
Receivable from government customers	304,217,032	328,119,759
Receivable from non-government customers	244,056,651	183,739,243
	548,273,683	511,859,002
Less: Provision for expected credit losses	(146,069,802)	(143,627,815)
	402,203,881	368,231,187

The movement of provision for expected credit losses is as follows:

	2025	2024
At January 1	143,627,815	139,383,892
Charge for the period/year	2,435,139	11,121,229
Write off	-	(6,802,593)
Foreign currency translation	6,848	(74,713)
At the end of the period/year	146,069,802	143,627,815

9. ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

The Group has recognized the following assets and liabilities related to its contracts with customers:

	March 31, 2025	December 31, 2024
Contract assets		
- Universities	19,256,819	9,248,279
- Call centre services	49,199,046	42,632,836
- Others	6,290,735	3,020,719
	74,746,600	54,901,834
Contract liabilities		
- Schools	54,635,874	30,667,680
- Call centre services	1,572,072	1,864,931
- Management projects and others	2,855,595	181,055
	59,063,541	32,713,666

10. BORROWINGS

The Group has obtained long-term and short-term loans in the form of Tawarruq from several local banks to finance the Group's projects to construct buildings for educational establishments and to manage the working capital. The loans are charged a commission equal to the sum of the Saudi inter-bank borrowing rate (SAIBOR) and the predetermined rate per annum. The maturity of the long-term loans ranges from 3 years to 9 years.

These loans are secured by the issuance of promissory notes, assignment of the proceeds from specific contracts and projects and the pledge of part of the Group's land and construction.

The agreements include covenants which require the Group to maintain certain financial ratios. As at March 31, 2025, the Group was in breach of certain covenants, causing the outstanding long-term borrowings to become payable on demand to the banks. However, the Group had obtained a waiver from the banks for these breaches.

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

Notes to the Interim Condensed Consolidated Financial Statement (Unaudited)
For The Three months Period ended March 31, 2025
(All amounts in Saudi Riyals unless otherwise stated)

11. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties represent the Group's shareholders, key management personnel and the entities owned or managed by these parties, as well as the entities that have control or joint control or have significant influence over these parties.

11-1 Following is a list of the principal related parties with whom the Group engaged in transactions and the nature of their relationship:

Name of the related party	Nature of relationship
Saleem Abdul Ghani Mhana Al-Baladi	Partner in subsidiary
Al-Falak Electronic Equipment and Supplies Company	Company-owned by Board of Directors
Sawa'ed Al-Roqi Company	Entity owned by a partner in a subsidiary
New Horizon Holding – USA	Affiliate company
Mohammad Al Ghamdi	Partner in subsidiary
Abdulaziz Rashid Abdulrehman Al-Rashid	Chairman of the Board of Directors
Alwaleed Ibn Abdull Razzaq Ibn Saleh Al Dereyaan	Board of directors' member
Grey Fox Limited Company	Company-owned by Board of Directors
Um Al Qura Schools	Partner in a subsidiary
Abdulaziz Fahad Al Kiridis	Partner in a subsidiary

11-2 Transactions that occurred with the related parties for the period ended March 31 are as follows:

Name of the related party	Nature of transaction	March 31, 2025	March 31, 2024
Abdulaziz Rashid Abdulrehman Al-Rashid	Collection	3,625,529	-
	Payment on behalf	4,058,340	-
Um Al Qura Schools	Payment on behalf	3,337,177	-
	Collection	2,473,700	-
Saleem Abdul Ghani Mhana Al-Baladi	Payment on behalf	1,206,449	295,746
	Collection	189,695	-
Saleem Abdul Ghani Mhana Al-Baladi	Collection	1,016,754	-
	Payment on behalf	-	295,746
Abdulaziz Fahad Al Kiridis	Dividend Payment	750,905	-
Grey Fox limited Company	Collection	600,000	-
Alwaleed Ibn Abdull Razzaq Ibn Saleh Al Dereyaan	Collection	300,000	-
Al-Falak Electronic Equipment and Supplies Co.	Rent as a lessee	225,000	225,000

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11. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

11-2 Transactions that occurred with the related parties for the period ended March 31 are as follows (Continued):

Name of the related party	Nature of transaction	March 31, 2025	March 31, 2024
Mohammad Al Ghamdi	Payment on behalf	-	544,596
Sawa'ed Al-Roqi Company	Payment on behalf	-	12,845
New Horizon Holding – USA	Royalties	-	644,467
Relatives of key management	Salaries and benefits	1,922,133	2,882,436

11-3 Due from related parties

	March 31, 2025	December 31, 2024
Abdulaziz Rashid Abdulrehman Al-Rashid	4,352,084	3,919,273
Um Al Qura Schools	2,169,146	3,032,623
Grey Fox Limited Company	2,280,000	2,880,000
Manar Al-Tfwq School	1,454,856	1,454,856
Alwaleed Ibn Abdul Razzaq Ibn Saleh Al Dereyaan	1,140,000	1,440,000
Saleem Abdul Ghani Mhana Al-Baladi	765,471	1,782,225
Spectrum Wellness Establishment	-	481,929
	12,161,557	14,990,906

11-4 Due to related parties

	March 31, 2025	December 31, 2024
Abdulaziz Fahad Al Kiridis	-	750,905
	-	750,905

11-5 The following table presents details of the remuneration and compensation of directors and key management personnel for the period ended March 31, is as follows:

Members of the Board of Directors do not receive any remuneration for their role in managing the Group unless approved by the General Assembly. Members of the Board of Directors receive an attendance allowance for Board and Board Committee meetings. Executive Director receives fixed remuneration as a result of his direct duties and responsibilities.

	March 31, 2025	March 31, 2024
Short-term benefits	1,155,000	1,323,878
Board Member	680,500	731,500
End-of-service benefits	86,633	827,058
	1,922,133	2,882,436

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12. OTHER INCOME, NET

	March 31, 2025	March 31, 2024
Dividends income	2,263,263	2,263,263
Rental income	563,895	1,461,798
Amortization of deferred gain on sales and leaseback	200,937	200,937
Gain from sublease transaction (Note 7)	-	76,098,343
Others	638,042	3,499,141
	3,666,137	83,523,482

13. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares during the period. Diluted earnings per share amounts are calculated by dividing the net profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the profit and share data used in the basic and diluted earnings per share computations, for the period ended March 31:

From continuing operations:

	March 31, 2025	March 31, 2024
Profit attributable to the shareholders of the Company	1,045,864	66,272,853
Weighted average number of outstanding shares during the period	65,000,000	65,000,000
Basic and diluted loss per share	0.02	1.02

From discontinued operations:

	March 31, 2025	March 31, 2024
Net loss attributable to the shareholders of the Company	-	(998,742)
Weighted average number of outstanding shares during the period	65,000,000	65,000,000
Basic and diluted loss per share	0.00	(0.02)
Total profit per share – basic and diluted	0.02	1.00

14. STATUTORY RESERVE

The new Saudi Companies law, which became effective on January 19, 2023, removed the requirement of maintaining a statutory reserve which existed in the previous law. The Company updated its Bylaw to align it with the new law. Consequently, the extraordinary General Assembly resolved on March 12, 2024, to transfer the statutory reserve amounting to SR 83,043,571 to accumulated losses.

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15. SEGMENT INFORMATION

Operating segments

Operating segments are determined based on the Group's internal reporting to executive management. For management purposes, the Group is organized into five business units based on its products and services. The executive management monitors the operating results of its business units separately to make decisions about resource allocation and performance assessment.

The financial information of the Group's operating segments for the period ended March 31, is as follows:

March 31, 2025:	Management Projects and Others	Training	Call Centres	Universities	Schools	Total
Revenue	9,044,826	35,959,440	138,993,256	30,634,942	74,372,434	289,004,898
Third-party revenue	8,874,319	35,079,113	138,993,256	30,634,942	74,372,434	287,954,064
Depreciation and amortization	806,238	1,990,055	3,138,402	259,002	12,823,393	19,017,090
Profit (loss) before zakat and income tax	(8,144,039)	2,662,093	3,221,030	4,276,572	3,714,934	5,730,590
March 31, 2025:						
Total assets	197,896,827	137,723,967	341,525,605	58,840,540	1,432,513,428	2,168,500,367
Total liabilities	98,310,579	142,538,169	142,910,267	67,549,561	1,143,262,702	1,594,571,278

The financial information of the Group's operating segments for the period ended March 31, is as follows:

March 31, 2024	Management Projects and Others	Training	Call Centres	Universities	Schools	Total
Revenue	18,175,337	38,076,253	120,098,706	32,385,136	66,153,484	274,888,916
Third-party revenue	17,825,646	37,840,604	120,098,706	32,385,136	66,153,484	274,303,576
Depreciation and amortization	972,033	2,590,108	3,952,777	53,144	12,884,649	20,452,711
Profit (loss) before zakat and income tax	61,748,807	5,492,453	6,506,790	797,785	(2,618,806)	71,927,029
December 31, 2024:						
Total assets	187,982,471	132,706,637	349,817,709	87,944,793	1,392,643,448	2,151,095,058
Total liabilities	106,021,930	141,175,543	141,072,579	65,511,780	1,126,791,991	1,580,573,823

In the current period, the company has reclassified the operations of Al Khaleej Training and Information Technology Company from Management Projects and Others into the Training segment, the effect of which has been adjusted in the comparative figures.

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15. SEGMENT INFORMATION (Continued)

The revenue earned from third parties from different business segments categorized by geographical region for the three months is as follows:

	Management Projects and others	Training	Call Centres	Universities	Schools	Total
March 31, 2025:						
KSA	8,416,816	22,620,916	138,993,256	30,634,942	74,372,434	275,038,364
Other GCC countries	-	9,573,050	-	-	-	9,573,050
Other countries	457,503	2,885,147	-	-	-	3,342,650
Total	8,874,319	35,079,113	138,993,256	30,634,942	74,372,434	287,954,064
March 31, 2024:						
KSA	17,119,302	24,150,929	120,098,706	32,385,136	66,153,484	259,907,557
Other GCC countries	-	10,441,966	-	-	-	10,441,966
Other countries	706,344	3,247,709	-	-	-	3,954,053
Total	17,825,646	37,840,604	120,098,706	32,385,136	66,153,484	274,303,576

16. FINANCIAL INSTRUMENTS

16.1 Risk management of financial instruments

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies, and processes for managing those risks or the methods used to measure them from previous periods.

16.2 Fair value measurements of financial instruments

There have been no substantive changes in the judgments and estimates made by the Group in determining the fair values of the financial instruments since the last annual consolidated financial statements. Furthermore, the levels of input used in the determination of the fair values are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2024. The fair value of financial instruments approximates their carrying value.

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17. PRIOR PERIOD'S ADJUSTMENTS

In accordance with the requirements of IAS 8 "Accounting policies, changes in accounting estimates and errors" ("IAS 8"), management has restated the comparative figures to adjust prior period consolidated financial statements. The note below sets out the details of adjustments and reclassifications and the impact on the line items in the interim condensed consolidated statement of financial position, interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income and interim condensed consolidated statement of cash flows.

- A) The management identified certain errors in the application of its lease accounting in the prior period in subsidiary companies. These errors mainly pertained to the following.
- Correction of the incremental borrowing rates used in the prior periods;
 - Correction to the calculation of certain lease contracts to comply with the requirements of IFRS 16.

The management has reassessed the basis of the initial recognition of these leases and recognized the related right of use assets and lease liabilities retrospectively based on the existence of contractual obligations under the relevant lease contracts in accordance with IFRS 16.

- B) The management has completed the purchase price allocation exercise related to the acquisition of Al-Riyadah Model Education Company. This process resulted in an upward fair value adjustment of property and equipment. Consequently, this adjustment in fair value led to a reduction in the previously recognized provisional goodwill, an increase in the non-controlling interest, and the recognition of a depreciation adjustment for the property and equipment.
- C) The management identified an error in the opening accrued loan interest balance for the period ended March 31, 2024, amounting to SAR 5,275,270.
- D) The management identified an error in the calculation of intangible assets resulting from the New horizon license in the conversion of prior years' financial statements of the aforementioned subsidiary to IFRS resulted in the derecognition of certain additional assets and liabilities with a corresponding impact on the accumulated losses and foreign currency translation reserve as of March 31, 2024. This also impacted certain expenses recognized in the consolidated statement of profit or loss and foreign currency translation differences in the interim condensed consolidated statement of comprehensive income for the period ended March 31, 2024.
- E) This amount relates to the reclassification of legal compensation received in respect of lease rental income.

Impact of adjustments and reclassifications to the interim condensed consolidated statement of profit or loss for the three-months Period ended March 31, 2024:

	Note	March 31, 2024 (Unaudited)	Adjustment	Reclassification	March 31, 2024 (Restated)
Revenue	E	276,484,285	-	(2,180,709)	274,303,576
Cost of revenue	A, B, D	(229,586,743)	(213,055)		(229,799,798)
Other Income	E	81,342,773	-	2,180,709	83,523,482
Finance cost	A, D	(19,768,220)	317,370		(19,450,850)
		108,472,095	104,315	-	108,576,410

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17. PRIOR PERIOD'S ADJUSTMENTS (Continued)

Impact of adjustments and reclassifications to the interim condensed consolidated statement of comprehensive income for the three-month period ended March 31, 2024:

	Note	March 31, 2024 (Unaudited)	Adjustment	Reclassification	March 31, 2024 (Restated)
Profit for the period		66,729,929	104,315	-	66,834,244
<u>Items that will be reclassified</u>					
<u>subsequently to profit or loss:</u>		-	-	-	-
Foreign currency translation differences	D	(2,465,154)	239	-	(2,464,915)
		64,264,775	104,554	-	64,369,329

Impact of adjustments and reclassifications to the interim condensed consolidated statement of financial position as at March 31, 2024:

	Note	March 31, 2024 (Unaudited)	Adjustment	Reclassification	March 31, 2024 (Restated)
Property and equipment	B	639,587,975	26,631,997	(12,817,643)	653,402,329
Right of use assets	A	399,347,132	(3,079,535)	-	396,267,597
Intangible assets	B, D	113,466,468	(14,857,925)	12,817,643	111,426,186
		1,152,401,575	8,694,537	-	1,161,096,112
Accumulated losses	A, B, C, D	(38,660,366)	(4,871,000)	-	(43,531,366)
Foreign currency translation reserve	D	(9,527,902)	(1,300)	-	(9,529,202)
		(48,188,268)	(4,872,300)	-	(53,060,568)
Non-controlling interests		35,785,675	13,011,414	-	48,797,089
		(12,402,593)	8,139,114	-	(4,263,479)
Non-current portion of lease liabilities	A	660,320,743	(3,419,697)	-	656,901,046
		660,320,743	(3,419,697)	-	656,901,046
Short-term borrowings and bank overdrafts	C	234,150,406	5,275,270	-	239,425,676
Current portion of lease liabilities	A	73,732,317	(305,549)	-	73,426,768
Accrued expenses and other liabilities	D	141,442,416	(994,601)	-	140,447,815
		449,325,139	3,975,120	-	453,300,259
		1,097,243,289	8,694,537	-	1,105,937,826

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17. PRIOR PERIOD'S ADJUSTMENTS (Continued)

Impact of adjustments and reclassifications to the interim condensed consolidated statement of cash flows for the three-month period ended March 31, 2024:

	March 31, 2024 (Unaudited)	Reclassification	March 31, 2024 (Restated)
Net cash used in operating activities	(6,484,269)	(311,415)	(6,795,684)
Net cash used in investing activities	(5,106,768)	-	(5,106,768)
Net cash generated from financing activities	7,695,556	316,887	8,012,443

18. CONTINGENCIES AND COMMITMENTS

a) Contingencies

The Group has provided letters of guarantee amounting to SR 151.1 million (December 31, 2024: SR 149.9 million).

b) Commitments

The capital expenditures committed by the Group but not incurred till March 31, 2024, amounted to SR 5.1 million (December 31, 2024: SR 13 million).

19. SUBSEQUENT EVENTS

On April 8, 2025, the group announced that one of its subsidiaries, Advanced Communications Systems and Solutions (Smart Link), has signed a contract with Mazaya Integrated Computer Solutions Company in the State of Kuwait to acquire 51% of the ownership shares of Mazaya Integrated Computer Solutions Company in the State of Kuwait.

Except as mentioned above, there are no other events subsequent to the end of the period till the approval of these interim condensed consolidated financial statements requiring adjustment of or disclosure in these interim condensed financial statements.

20. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been approved by the Board of Directors on Dhul Qadah 14, 1446 H, corresponding to May 12, 2025 G.