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

Consolidated Financial Statements and Independent Auditor's Report
For The Year Ended December 31, 2025

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

Consolidated Financial Statements and Independent Auditor's Report for The Year Ended December 31, 2025

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Independent Auditor's Report

To the Shareholders,
Al Khaleej Training and Education Company
(A Saudi Listed Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

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 December 31, 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including accounting information about material 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 December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (hereinafter collectively referred to as "IFRS as endorsed in KSA").

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 of the Group in accordance with the International Code of Ethics for the Professional Accountants endorsed in the Kingdom of Saudi Arabia, relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code. 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 for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill The carrying value of goodwill as at December 31, 2025, amounted to SAR 73.5 million (2024: SAR 65.7 million). The impairment assessment for goodwill is considered a key audit matter due to the significant judgments made by management with respect to the revenue growth rate and post-tax discount rate. The Group's management performs an impairment test annually on the recoverability of the goodwill and assesses the recoverable amount of the cash-generated unit (CGU) to which the goodwill relates to determine if an impairment exists. Refer to notes 3.2, 5, and 9 in the consolidated financial statements for the accounting policy and related disclosures.	Our procedures included the following: - Evaluated the methodology used by management to determine the recoverable amount based on value-in-use and fair value less cost of disposal techniques. - Assessed the appropriateness of the assumptions applied to key input data, such as cashflow projections, growth rates, and reviewed management's sensitivity analysis on those key assumptions. - Engaged our internal experts to evaluate the appropriateness of the terminal growth rate, discount rates applied, which included comparing the weighted average cost of capital with sector averages for the relevant markets; and - Evaluated the adequacy of the Group's consolidated financial statements disclosures for compliance with the requirements of the relevant accounting standards.

Independent Auditor's Report (Continued)

To the Shareholders,
Al Khaleej Training and Education Company

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<u>Expected credit loss of trade receivables</u> As at December 31, 2025, the gross trade receivables amounted to SAR 509.5 million (2024: SAR 511.9 million), against which a provision for expected credit loss of SAR 170.9 million was maintained (2024: SAR 143.6 million). In accordance with the requirements of IFRS 9 Financial Instruments, the Group has applied the expected credit loss model to account for the provision of Expected credit loss for trade receivables. The application of the expected credit loss model to account for the impairment of trade receivables was considered a key audit matter, as the determination of the impairment of trade receivables using the expected credit loss model includes significant judgments and estimates that might have a material impact on the consolidated financial statements of the Group. Refer to notes 3.2, 5, 14 and 32 in the consolidated financial statements for the accounting policy and related disclosures.	Our procedures included the following: - Tested the completeness and accuracy of the underlying information used in the model and checked the arithmetical accuracy of the computation of ECL. - Evaluated the reasonableness of key assumptions made and judgments applied. - Verify the methodology of the ECL model developed by the management's expert with the requirements of IFRS 9; and - Evaluated the adequacy of the Group's consolidated financial statements disclosures for compliance with the requirements of the IFRS 9 "Financial Instruments".

Other Information

Other information consists of the information included in the Group's 2025 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.

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 on in this regard.

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 IFRS as endorsed in KSA and Regulations for Companies and the Company's Bylaws, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report (Continued)

To the Shareholders,
Al Khaleej Training and Education Company

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements (Continued)

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

Those charged with governance, the Board of Directors, are responsible for overseeing the Group's 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 it 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 the 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- 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 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 auditor's report. However, future events or conditions may cause the Group 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report (Continued)

To the Shareholders,
Al Khaleej Training and Education Company

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

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, actions taken to eliminate threats or safeguards applied.

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 year 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.

Baker Tilly Professional Services

Bader Hatem Al Tamimi
(Certified Public Accountant - License No. 489)
Riyadh on Shawwal 14, 1447 H
Corresponding to April 2, 2026 G

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

Consolidated Statement of Financial Position
As at December 31, 2025
(All Amounts in Saudi Riyals Unless Otherwise Stated)

	Note	**December 31, 2025**	December 31, 2024 (Restated, note 33)	January 1, 2024 (Restated, note 33)
ASSETS				
Non-current assets				
Property and equipment	7	**608,213,414**	682,833,132	652,814,809
Right-of-use assets	8	**444,380,515**	441,355,980	508,983,316
Intangible assets	9	**121,675,874**	111,871,970	113,528,985
Financial assets at FVTOCI	10	**127,389,388**	135,149,147	146,561,754
Non-current portion of Net investment in leases	8	**257,794,265**	153,019,375	64,704,592
Financial derivative instrument carried at FVTPL	11	**2,902,135**	4,590,800	4,882,345
Recoverable amount from employees' defined benefit obligation	22	**23,391,733**	15,125,675	12,145,459
		1,585,747,324	1,543,946,079	1,503,621,260
Current assets				
Inventories	12	**2,571,831**	2,709,611	3,974,303
Contract assets	13	**89,413,871**	54,901,834	46,296,421
Trade receivables	14	**338,526,167**	368,231,187	416,362,895
Current portion of net investment in leases	8	**49,422,989**	33,949,364	8,488,870
Due from related parties	15	**6,063,783**	14,990,906	4,056,758
Prepayments and other receivables	16	**82,323,343**	63,095,675	46,979,397
Cash and cash equivalents	17	**42,511,440**	69,270,402	28,906,359
		610,833,424	607,148,979	555,065,003
Assets classified as held for sale	18	**-**	-	9,963,197
Total assets		**2,196,580,748**	2,151,095,058	2,068,649,460
EQUITY AND LIABILITIES				
EQUITY				
Share capital	19	**650,000,000**	650,000,000	650,000,000
Statutory reserve	19	**-**	-	83,043,571
Actuarial reserve		**(72,408,061)**	(61,210,064)	(56,650,746)
Accumulated losses		**(20,915,508)**	(36,246,352)	(200,294,360)
Foreign currency translation reserve		**(8,180,301)**	(8,655,963)	(7,064,287)
Fair value reserve		**(38,131,917)**	(30,372,159)	(21,965,752)
Total equity is attributable to the shareholders of the Company		**510,364,213**	513,515,462	447,068,426
Non-controlling interests	20	**56,912,843**	48,480,852	48,665,073
Total equity		**567,277,056**	561,996,314	495,733,499

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

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

Consolidated Statement of Financial Position (Continued)
As at December 31, 2025
(All Amounts in Saudi Riyals Unless Otherwise Stated)

	Note	**December 31, 2025**	December 31, 2024 (Restated, note 33)	January 1, 2024 (Restated, note 33)
LIABILITIES				
Non-current liabilities				
Non-current portion of lease liabilities	8	**664,083,550**	644,183,173	678,135,076
Long-term borrowings	21	**308,266,368**	278,219,629	228,585,961
Employees' defined benefit obligation	22	**130,913,694**	98,446,655	97,444,482
Non-current portion of deferred gain from sale and leaseback transactions	8	**6,831,862**	7,635,610	8,439,358
		1,110,095,474	1,028,485,067	1,012,604,877
Current liabilities				
Short-term borrowings and bank overdrafts	21	**197,965,206**	202,015,093	208,404,271
Current portion of long-term borrowings	21	**64,659,436**	60,463,137	48,452,325
Current portion of deferred gain from sale and leaseback transactions	8	**803,748**	803,748	803,748
Current portion of lease liabilities	8	**69,038,091**	91,845,010	67,582,127
Contract liabilities	13	**36,832,594**	41,238,587	72,209,890
Due to related parties	15	**1,838,737**	750,905	1,513,577
Trade payables		**61,570,771**	65,271,319	38,614,905
Accrued expenses and other liabilities	23	**79,507,206**	84,801,911	92,979,649
Zakat and income tax payable	24	**6,992,429**	13,423,967	25,262,044
		519,208,218	560,613,677	555,822,536
Liabilities directly associated with assets classified as held for sale	18	**-**	-	4,488,548
Total liabilities		**1,629,303,692**	1,589,098,744	1,572,915,961
Total equity and liabilities		**2,196,580,748**	2,151,095,058	2,068,649,460

Chief Financial Officer	**Chief Executive Officer**	**Chairman of Board of Directors**
Sherif Esmat	**Hatem Aldarayan**	**Abdulaziz Alrashed**

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

Consolidated Statement of Profit or Loss
For the Year Ended December 31, 2025
(All Amounts in Saudi Riyals Unless Otherwise Stated)

	Note	**2025**	2024
			(Restated, note 33)
Continuing operations			
Revenue	31	**1,217,883,939**	1,143,107,573
Cost of revenue	25	**(970,552,157)**	(908,872,646)
Gross profit		**247,331,782**	234,234,927
Selling and marketing expenses	26	**(15,413,952)**	(16,215,886)
General and administrative expenses	27	**(135,576,216)**	(135,168,265)
Expected credit loss	8,14	**(32,836,227)**	(20,978,404)
Reversal of impairment on property and equipment	7	**-**	12,817,643
Other income, net	28	**35,112,813**	99,558,622
Operating profit		**98,618,200**	174,248,637
Finance cost	29	**(87,408,899)**	(87,177,401)
Finance income	8	**17,441,060**	12,769,333
Loss from revaluation of financial derivative instrument carried at FVTPL	11	**(1,688,665)**	(291,545)
Profit before zakat and income tax		**26,961,696**	99,549,024
Zakat and income tax	24	**(3,185,627)**	(8,032,548)
Profit from continuing operations		**23,776,069**	91,516,476
Loss of discontinued operations	18	**-**	(2,871,209)
Net profit for the year		**23,776,069**	88,645,267
Net profit from continuing operations attributable to:			
Shareholders of the Company		**15,182,009**	83,875,646
Non-controlling interest		**8,594,060**	7,640,830
		23,776,069	91,516,476
Net profit for the year attributable to:			
Shareholders of the Company		**15,182,009**	81,004,437
Non-controlling interest		**8,594,060**	7,640,830
		23,776,069	88,645,267
Basic and diluted earnings per share for profit attributable to the shareholders of the Company			
Net profit	30	**0.23**	1.25
Net profit from continuing operations	30	**0.23**	1.29

Chief Financial Officer	**Chief Executive Officer**	**Chairman of Board of Directors**
Sherif Esmat	**Hatem Aldarayan**	**Abdulaziz Alrashed**

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

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

Consolidated Statement of Comprehensive Income
For the year ended December 31, 2025
(All Amounts in Saudi Riyals Unless Otherwise Stated)

	Note	2025	2024
			(Restated note 33)
Net profit for the year		**23,776,069**	88,645,267
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**482,655**	(1,591,676)
Items that will not be reclassified subsequently to profit or loss:			
Change in the fair value of financial assets at FVTOCI	10	**(7,759,758)**	(8,406,407)
Remeasurement of employees' defined benefit obligation	22	**(11,041,889)**	(4,308,881)
Other comprehensive loss for the year		**(18,318,992)**	(14,306,964)
Total comprehensive income for the year		**5,457,077**	74,338,303
Total comprehensive income for the year attributed to:			
Shareholders of the Company		**(3,300,084)**	66,447,036
Non-controlling interest		**8,757,161**	7,891,267
		5,457,077	74,338,303
Total comprehensive (loss) income for the year attributable to shareholders of the Company:			
Continuing operations		**(3,300,084)**	69,318,245
Discontinued operations		**-**	(2,871,209)
		(3,300,084)	66,447,036

Chief Financial Officer	Chief Executive Officer	Chairman of Board of Directors
Sherif Esmat	Hatem Aldarayan	Abdulaziz Alrashed

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

Consolidated Statement of Changes in Equity
For the year ended December 31, 2025
(All Amounts in Saudi Riyals Unless Otherwise Stated)

	Attributable to the shareholders of the Company								
	Share capital	**Statutory reserve**	**Actuarial reserve**	**Accumulated losses**	**Foreign currency translation reserve**	**Fair value reserve**	**Total**	**Non-controlling interests ("NCI")**	**Total Equity**
As at January 1, 2025 (Restated, note 33)	**650,000,000**	**-**	**(61,210,064)**	**(36,246,352)**	**(8,655,963)**	**(30,372,159)**	**513,515,462**	**48,480,852**	**561,996,314**
Profit for the year	**-**	**-**	**-**	**15,182,009**	**-**	**-**	**15,182,009**	**8,594,060**	**23,776,069**
Other comprehensive losses for the year	**-**	**-**	**(11,197,997)**	**-**	**475,662**	**(7,759,758)**	**(18,482,093)**	**163,101**	**(18,318,992)**
Total comprehensive income for the year	**-**	**-**	**(11,197,997)**	**15,182,009**	**475,662**	**(7,759,758)**	**(3,300,084)**	**8,757,161**	**5,457,077**
Further acquisition of shareholding in a subsidiary (note 1)	**-**	**-**	**-**	**148,835**	**-**	**-**	**148,835**	**(159,023)**	**(10,188)**
Acquisition of a subsidiary (note 1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,427,044**	**5,427,044**
Dividends to non-controlling interests (note 20)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,593,191)**	**(5,593,191)**
As at December 31, 2025	**650,000,000**	**-**	**(72,408,061)**	**(20,915,508)**	**(8,180,301)**	**(38,131,917)**	**510,364,213**	**56,912,843**	**567,277,056**
As at January 1, 2024 (Issued)	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
Adjustments for prior years (note 33)	-	-	-	(8,445,312)	-	-	(8,445,312)	(589,102)	(9,034,414)
As at January 1, 2024 (Restated, note 33)	650,000,000	83,043,571	(56,650,746)	(200,294,360)	(7,064,287)	(21,965,752)	447,068,426	48,665,073	495,733,499
Profit for the year	-	-	-	81,004,437	-	-	81,004,437	7,640,830	88,645,267
Other comprehensive losses for the year	-	-	(4,559,318)	-	(1,591,676)	(8,406,407)	(14,557,401)	250,437	(14,306,964)
Total comprehensive income for the year (Restated, note 33)	-	-	(4,559,318)	81,004,437	(1,591,676)	(8,406,407)	66,447,036	7,891,267	74,338,303
Transfer to accumulated losses	-	(83,043,571)	-	83,043,571	-	-	-	-	-
Dividends to non-controlling interests (note 20)	-	-	-	-	-	-	-	(8,075,488)	(8,075,488)
As at December 31, 2024 (Restated, note 33)	650,000,000	-	(61,210,064)	(36,246,352)	(8,655,963)	(30,372,159)	513,515,462	48,480,852	561,996,314

Chief Financial Officer	**Chief Executive Officer**	**Chairman of Board of Directors**
Sherif Esmat	**Hatem Aldarayan**	**Abdulaziz Alrashed**

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

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

Consolidated Statement of Cash Flows
For the year ended December 31, 2025
(All Amounts in Saudi Riyals Unless Otherwise Stated)

	Note	2025	2024 (Restated, note 33)
Cash flows from operating activities			
Profit before zakat and income tax from continuing operations		**26,961,696**	99,549,024
Loss of discontinued operations	18	**-**	(2,871,209)
Adjustments for non-cash items:			
Depreciation of property and equipment	7	**32,397,213**	31,182,197
Depreciation of right-of-use assets	8	**45,651,027**	44,353,232
Amortization of intangible assets	9	**8,728,171**	7,069,287
Impairment of intangible assets	9	**1,108,067**	-
Gain from net investment in lease transaction	8	**(16,642,052)**	(70,714,887)
Deferred gain from sale and leaseback transaction	8	**(803,748)**	(803,748)
Expected credit loss	8,14	**32,836,227**	20,978,404
Employees' defined benefit obligation incurred	22	**20,072,550**	17,528,336
Loss from revaluation of financial derivative instrument carried at FVTPL	11	**1,688,665**	291,545
Finance cost	29	**87,408,899**	87,177,401
Finance income	8	**(17,441,060)**	(12,769,333)
Reversal of impairment on property and equipment	7	**-**	(12,817,643)
Loss of disposal of property and equipment		**-**	155,136
Gain from the purchase bargain	1	**-**	(7,496,941)
		221,965,655	200,810,801
Changes in working capital items:			
Inventories		**83,483**	1,279,813
Trade receivables		**(1,693,243)**	37,085,192
Contract assets		**(34,512,037)**	(8,605,413)
Due from related parties		**16,113,903**	(3,734,148)
Prepayments and other receivables		**(19,227,668)**	(16,116,278)
Contract liabilities		**(4,405,993)**	(30,971,303)
Due to related parties		**(51,768)**	(762,672)
Trade payables		**(4,155,465)**	26,656,414
Accrued expenses and other liabilities		**(5,294,704)**	(9,345,599)
Cash generated from operation		**168,822,163**	196,296,807
Employees' defined benefit obligation paid	22	**(11,834,332)**	(27,755,667)
Zakat and income tax paid	24	**(9,617,166)**	(19,641,466)
Net cash from continuing operating activities		**147,370,665**	148,899,674
Changes in working capital related to assets and liabilities classified as held for sale		**-**	(1,852,167)
Net cash generated from operating activities		**147,370,665**	147,047,507
Cash flows from investing activities			
Additions to property and equipment	7	**(38,519,820)**	(39,788,010)
Additions to intangible assets	9	**(5,246,979)**	(2,317,922)
Acquisition of a subsidiary, net of cash acquired	1	**(9,280,143)**	-
Additional contribution to subsidiary		**(3,626,533)**	-
Proceeds from net investment in leases		**7,001,056**	3,332,848
Further acquisition of shareholding in a subsidiary	1	**(10,188)**	-
Proceeds from sale of investment in equity instruments carried at fair value through other comprehensive income	10	**-**	3,006,200
Net cash used in investing activities		**(49,682,607)**	(35,766,884)

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

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

Consolidated Statement of Cash Flows (Continued)
For the year ended December 31, 2025
(All Amounts in Saudi Riyals Unless Otherwise Stated)

	Note	2025	2024 (Restated, note 33)
Cash flows from financing activities			
Proceeds from long-term loans and borrowings		**136,738,056**	110,096,804
Repayment of long-term loans and borrowings		**(102,495,018)**	(48,452,324)
Net change in short-term borrowings		**(8,366,475)**	(2,370,957)
Finance cost paid		**(42,379,501)**	(43,649,057)
Principal element of lease liabilities paid		**(62,149,561)**	(30,115,237)
Interest elements of lease liabilities paid		**(43,852,245)**	(43,871,407)
Dividends paid to non-controlling interests	20	**(5,593,191)**	(8,075,488)
Net cash used in financing activities		**(128,097,935)**	(66,437,666)
Net change in cash and cash equivalents during the year		**(30,409,877)**	44,842,957
Cash and cash equivalents at the beginning of the year		**68,578,573**	24,323,125
Effects of foreign currency translation on cash and cash equivalents		**(665,672)**	(587,509)
Cash and cash equivalents at the end of the year	17	**37,503,024**	68,578,573
Non-cash transactions			
Derecognition of property and equipment related to a sublease	7	**84,044,887**	-
Additions to right-of-use assets and lease liabilities	8	**59,243,019**	77,940,438
Finance costs related to borrowings capitalized to property and equipment	7	**3,029,171**	4,283,471
Finance cost related to lease liabilities capitalized to property and equipment	7	**1,993,549**	497,701
Deferred consideration for sale of wellness		**-**	7,200,000
Retentions made against capital work in progress		**-**	1,167,861

Chief Financial Officer	Chief Executive Officer	Chairman of Board of Directors
Sherif Esmat	**Hatem Aldarayan**	**Abdulaziz Alrashed**

(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 unified national number 7001363006 dated Jamada Al Awal 30, 1413 H (corresponding to November 24, 1992 G).

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, and establishing and operating call centers.

LIST OF PRINCIPAL SUBSIDIARIES

The Group's principal subsidiaries at the year-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	United Kingdom	A world-leading provider of self-study and classroom-based language courses	**100%**	100%
Fast Lane Computer Consultancy (Civil Business Corporation)	UAE	Computer skills training	**100%**	80%
Stage 2 Learning Solutions (Civil Business Corporation)	UAE	Computer systems consultancies	**100%**	80%
Al-Faisaliyah National Schools Company – LTD	KSA	Education	**87%**	87%
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	Incorporated in UAE, operating in Egypt	A 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%

Acquisition and Investments

The Advanced Communication Systems and Solutions Company signed an agreement on April 7, 2025, to acquire 51% ownership in Mazaya Integrated Computer Solutions Company and its subsidiaries, which is based in Kuwait and specializes in delivering technology solutions. During the year, due to a reassessment of the acquisition valuation of Mazaya Integrated Computer Solutions Company, the parties agreed to reduce the purchase consideration. This resulted in a revised purchase consideration of SAR 9,280,143, and the Group's share of identifiable net assets was SAR 2,007,156, giving rise to provisional goodwill of SAR 7,272,987 on acquisition. Legal procedures in this regard were completed.

On May 27, 2025, the Company signed an agreement to acquire the remaining 20% of Fast Lane Computer Consultancy (Civil Business Corporation) and Stage 2 Learning Solutions (Civil Business Corporation) for consideration of SAR 10,188. Legal procedures in this regard were completed.

1. COMPANY INFORMATION (Continued)

LIST OF PRINCIPAL SUBSIDIARIES (Continued)

Acquisitions and Investments (Continued)

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 had to 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 agreement to acquire 80% of Adwaa Al Hedaya Schools expired on June 30, 2025, without obtaining the approval of the Capital Market Authority. Accordingly, the Company's Board of Directors decided on June 30, 2025, that they do not wish to extend the agreement for an additional period. Accordingly, the agreement stands terminated between the two parties upon expiration of its term without the completion of the transaction.

On August 1, 2024, the Company acquired the businesses of two schools for nil consideration. During the year, management completed the purchase price allocation for this acquisition. This resulted in the recognition of a franchise asset amounting to SAR 3,611,527, and a bargain purchase gain recognized in profit or loss of SAR 7,496,941. The fair values of the identifiable assets as at the date of acquisition were:

	Fair value
Property and equipment	3,885,414
Franchise asset	3,611,527
Total identifiable net assets acquired	7,496,941
Less: Bargain purchase gain	(7,496,941)
Purchase consideration	NIL

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (hereinafter collectively referred to as "IFRS as endorsed in KSA"). Details of the Group's material accounting policies are disclosed in note 5.

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value, and defined benefit plans measured at the present value of future obligations using the Projected Unit Credit Method.

The consolidated financial statements are presented in Saudi Riyals, which is also the functional currency of the Company, and all values are rounded to the nearest Riyal (SAR), except when otherwise indicated.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risk and uncertainties include:

- Risk management of financial instruments Note 32
- Sensitivity analysis disclosures Note 22

3.1 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Segmentation of trade receivables

Due to the diversity of the Group's customer base and different loss patterns for different customers, the Group perform segmentation of the trade receivables using appropriate groupings based on the historical credit loss experiences and shared characteristics. The Group has segmented its customer base into different segments based on the Group's line of business and customer type (government customer vs. non-government customer).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

3.1 Judgements (Continued)

Going Concern

The Group's management reasonably expects the Group to continue as a going concern in the foreseeable future, as the Group possesses sufficient resources to continue its operations. Accordingly, the Group has applied the going-concern principle in preparing its consolidated financial statements.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives of property and equipment

The Group determines the estimated useful lives of its property and equipment for calculating depreciation after considering the expected usage of the assets or physical wear and tear. Management has not put any residual value as it was considered insignificant. Management reviews the useful lives annually.

Goodwill - Annual impairment testing of goodwill

Goodwill impairment tests are performed for the group of cash-generating units ("CGU") to which goodwill is allocated. The group of CGUs is defined based on certain acquisitions and CGUs arising from those acquisitions. The structure and groups of the CGU are assessed on an annual basis. The impairment test of goodwill is performed at least annually for each group of CGUs to which goodwill is allocated. To determine the value in use, the discounted cash flow models are used. The most important parameters in the impairment test include assumptions related to revenue growth rate and pre-tax discount rates.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. This method involves determining the fair values of the considerations transferred by the Group to the former owners and assets and liabilities of the acquiree as of the date of acquisition. These fair values are determined by using different fair valuation models involving the use of certain estimates and assumptions.

Fair value measurement of financial instruments

When the fair values of financial assets cannot be measured based on quoted prices or active trading of some instruments at the date of the statement of consolidated financial position, the fair value is estimated using various valuation techniques, which include the use of pricing models where the information is taken from observing the market. Where this is not feasible, a degree of estimate and judgment is required in establishing fair values.

Extension and termination options in lease agreements

Extension and termination options are included in a number of lease agreements. These terms are used to increase operational flexibility in terms of contract administration. Most extension and termination options held are exercisable by both the Group and the lessor.

In determining the term of the lease, the management considers all facts and circumstances that create an economic incentive to exercise the option to extend, or not to exercise the option to terminate. Extension options (or the periods following the termination options) are included in the lease term only if the lease is reasonably certain to be extended (or not to be terminated). The assessment is reviewed if a significant event or a significant change in the circumstances affecting this assessment occurs, which is within the control of the lessee.

Determining the discount rate for Lease payments

Lease payments are discounted using the Group's Incremental Borrowing Rate ("IBR"). Management exercises judgment in determining IBR at the commencement of a lease.

Expected credit loss of receivables

The Group uses a provision matrix to calculate Expected Credit Losses "ECLs" for trade receivables, net investment in lease and contract assets. The provision rates are based on days past due to groupings of various customer segments that have similar loss patterns (i.e., by customer type, and coverage by guarantees and other forms of credit insurance).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

3.2 Estimates and assumptions (Continued)

Expected credit loss of receivables (Continued)

The provision matrix is initially based on the Group's historically observed default rates. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. At every reporting date, the historically observed default rates are updated, and changes in the forward-looking estimates are analyzed

The assessment of the correlation between historical observed default rates, forecast economic conditions, and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the ECLs on receivables is disclosed in Note 32.

Long-term assumptions of employee-defined benefit obligation

Employee-defined benefit obligations represent obligations that will be paid in the future upon the termination of employment contracts. Management has to make assumptions about the variables such as discount factors, salary increase rate, mortality rates and employee turnover. The Group's management periodically takes advice from actuaries on these assumptions. Changes in key assumptions could materially affect the employee-defined benefit obligation.

Uncertain Zakat and tax positions

The Group's current Zakat and Income tax payable relates to management's assessment of the amount of Zakat and Income tax payable on open Zakat and tax positions where the liabilities remain to be agreed with the Zakat, Tax and Customs Authority (ZATCA) and other tax authorities for the subsidiary companies. Due to the uncertainty associated with such zakat and tax items, it is possible that on the finalization of open zakat and tax assessments at a future date, the outcome may differ significantly.

4. CHANGES TO THE GROUP'S ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the consolidated financial statements for the year ended December 31, 2025, are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended December 31, 2024, except for the adoption of one amendment which became effective for annual periods starting on or after January 1, 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, the following amendments:

- Amendments to IAS 21: Lack of exchangeability.

These new amendments had no material impact on the consolidated financial statements of the Group.

5. MATERIAL ACCOUNTING POLICIES

The following are the material accounting policies applied by the Group in preparing its consolidated financial statements:

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2025, as disclosed in note 1.

Assets, liabilities, profit and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

BUSINESS COMBINATIONS AND GOODWILL

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the asset given or liabilities incurred or assumed at the date of acquisition, plus the amount of any non-controlling interests in the acquiree. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

5. MATERIAL ACCOUNTING POLICIES (Continued)

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Description	Useful life (years)
Buildings	15 – 50
Furniture, office equipment and tools	4 – 10
Leasehold improvements	16.67 year or lease period, whichever is less
Vehicles	7 – 10

INTANGIBLE ASSETS

Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets are not capitalized and expenditure is recognized in profit or loss when it is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets, 3-20 years.

Gains or losses arising from the derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized as part of operating income.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets of discontinued operations and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding finance costs and income tax expenses.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that a Group incurs in connection with the borrowing of funds.

LEASES

The determination of whether an arrangement is, or contains, a lease is decided at the inception date.

Group as a lessee

A- Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over their estimated useful life.

B- Lease liabilities

Lease liabilities are recognized at the commencement date of the lease and are measured at the present value of lease payments to be made over the lease term.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

C- Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the Group's capitalization threshold and are considered to be insignificant for the statement of financial position for the Group as a whole. Payments for short-term leases and leases of low-value assets are recognized on a straight-line basis in profit or loss.

5. MATERIAL ACCOUNTING POLICIES (Continued)

LEASES (Continued)

Group as a lessor

Leases, where the Group does not substantially transfer all risks and rewards of ownership, are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue once they are earned.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Management assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, management estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. It is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or combinations of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in profit or loss from continuing operations.

Non-financial assets other than goodwill that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Such a reversal is recognized in profit or loss.

INVENTORIES

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

For Financial assets at fair value through OCI, gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment is received, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Impairment of financial assets

Management recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

For trade receivables and contract assets, the management applies a simplified approach to calculating ECLs. Therefore, management has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Derecognition

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is primarily derecognized when the rights to receive cash flows from the asset have expired or the group has transferred its rights 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 the group has transferred substantially all the risks and rewards of the asset, or the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

5. MATERIAL ACCOUNTING POLICIES (Continued)

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

Gains or losses on financial liabilities at fair value through profit or loss are recognized in the statement of profit or loss. However, borrowings are subsequently measured at amortized cost using the EIR method.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

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

Foreign currencies

Foreign currency transactions are initially recognized by the Group at their respective functional currencies' spot rate at the transaction date. On the reporting date, monetary assets and liabilities denominated in foreign currencies are converted into Saudi Riyals 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.

Foreign currency translation

As at the reporting date, the assets and liabilities of the foreign subsidiaries are translated into Saudi Riyals at the rate of exchange ruling at the consolidated statement of financial position date and their consolidated statement of profit or loss is 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 a consolidated statement of comprehensive income as a separate component of equity.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts, as they are considered an integral part of the Group's cash management.

PROVISIONS

General

Provisions are recognized when there is 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. Where management expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement that qualifies for recognition.

5. MATERIAL ACCOUNTING POLICIES (Continued)

PROVISIONS (Continued)

Employee-defined benefit obligation

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Recoverable amount from employees' benefits

The Group provides certain employees ("the Outsourced Employees") to its customers under contractual agreements. The customer under such contracts is responsible for all employee-related costs, including end-of-service benefits, for the Outsourced Employees.

The Group estimates the liability for end-of-service benefit for the Outsourced Employees as of each reporting date or at the time an employee leaves the Group, in accordance with the Group's established policy for employees' end-of-service benefit. The Group has a corresponding contractual right to recover these end-of-service benefit costs from the customers. To reflect this right, the Group recognizes an equal-value asset titled "Recoverable amount from employees' benefit" in the consolidated statement of financial position.

The Group assesses the recoverability of the amount from the customers on an ongoing basis. The recoverable amount is reduced by any portion deemed uncollectible based on the customer's creditworthiness or other relevant factors (if necessary). Recovery of the asset occurs when the customer reimburses the Group for the end-of-service benefit paid to the Outsourced Employee, which is at the time of voluntary leaving the Group, upon termination or when the Outsourced Employee reaches the maturity of contractual terms as defined in their employee contract.

REVENUE RECOGNITION

The Group recognizes revenue from the following principal activities:

- Educational services in the primary and secondary education sector;
- Conducting training sessions for individuals and corporate entities;
- Provision of human resources; and
- Establishing and operating call centers for other entities.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer. Revenue is recognized by following the five-step approach as follows:

Step 1: Identify contract(s) with a 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 performance obligations in the contract. 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 to the performance obligations in the contract: 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**:** Recognize revenue when the Group satisfies a performance obligation.

5. MATERIAL ACCOUNTING POLICIES (Continued)
REVENUE RECOGNITION (Continued)

The following is the basis upon which the Group recognized revenue from its principal activities:

Educational services
Revenue from the tuition fees is recognized over a period of time according to the academic year (Refer to note 33), as the underlying educational services are delivered to the registered students. Revenue is recognized net of discounts and exemptions. For educational materials supplied, the revenue is recognized at the point in time when those materials are made available to the students.

Provision of training
Revenue from the provision of training is recognized over time or at a point in time when the promised services are transferred to the customer. The training involves the continuous transfer of knowledge and skills over time, and the customer receives the benefit from the training over the duration of a course or program. The revenue is recognized at an agreed-upon consideration that the Group expects to collect from the provision of these services, such as training sessions. At the inception of the contract, the Group determines whether the contract contains more than one performance obligation and the need to allocate the transaction price where more than one performance obligation is identified. Since the training courses are distinct performance obligations, the transaction price is allocated to each performance obligation based on the relative standalone selling prices, in case more than one course is offered.

Provision of human resources
Revenue from the provision of human resources is recognized over time as the promised services are transferred to the customer. The Group provides skilled and trained personnel to the customers according to their requirements for work directly at the customer's site. The revenue is recognized at an agreed-upon consideration for the number of manpower staff provided to the customers. The majority of the contracts have single performance obligations, such as providing competent teaching staff as per specifications provided by customers.

Provision of support services
Revenue from the provision of support services is recognized over a period of time as the promised services are transferred to the customer. The support services involve security maintenance, operations and management of IT systems. The revenue is recognized at an agreed-upon consideration that the Group expects to collect from the provision of these services, such as maintenance of IT systems. At the inception of the contract, the Group determines whether the contract contains more than one performance obligation and the need to allocate the transaction price where more than one performance obligation is identified. The transaction price is allocated to each performance obligation based on its relative standalone selling prices.

Revenue from establishing and operating call centres
The Group establishes and operates specialized call centres as per specifications provided by customers that include establishment, development and maintenance of required infrastructure, hardware and software services that enable the call center to perform its functions effectively.

The Group has determined that establishing and operating the call centers are each capable of being distinct, as the customers could benefit from them individually by acquiring the other elements elsewhere. Therefore, the performance obligation of establishing and operating call centres is separated for the purpose of recognition of revenue.

Establishing call centres
Revenue for development work for establishing a call centre is recognized over time as the work progresses on the milestones agreed with the customer in the contract, using the percentage-of-completion method. This method recognizes revenue based on the estimated portion of the work completed relative to the total scope of work agreed in the contract.
Revenue from establishing call centres also includes the revenue for providing maintenance services as part of the contractual terms over the period of the contract. The Group considers maintenance services a separate performance obligation under these contracts. Revenue for this performance obligation is recognized over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance.

Operating call centres
The Group enters into contracts with customers to provide staff to operate call centres according to the customers' specifications (e.g. number of staff, qualification, level of staff, etc.). The Group's performance obligation is the overall service of standing ready to provide call centre services each day. This is because the customer simultaneously receives and consumes the benefits of the service of standing ready each day the service is provided. The performance obligation is satisfied over time, and the revenue is measured based on the agreed contractual prices and the number of hours worked by the call centre staff.

5. MATERIAL ACCOUNTING POLICIES (Continued)

ACCOUNTS PAYABLE AND ACCRUALS

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed to the Group.

EXPENSES

Expenses related to operations are allocated consistently to the cost of sales, selling and marketing expenses and general and administration expenses in accordance with consistent allocation factors determined as appropriate by the Group.

ZAKAT AND TAX

The Group provide for zakat in accordance with the regulations of Zakat, Tax and Customs (ZATCA). The provision is charged to profit or loss. All subsidiaries file their tax return according to the tax laws in their countries.

UNCERTAIN ZAKAT AND TAX POSITIONS

Differences that may arise from assessments are accounted for when the assessment is finalized with ZATCA and other tax authorities.

VALUE-ADDED TAX

Revenues, expenses and assets are recognized net of the amount of value-added tax, except:

- Where the value-added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value-added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Receivables and payables are stated with the amount of value-added tax included.

The net amount of value-added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of these consolidated financial statements are disclosed below:

- Amendments to IFRS 9 and IFRS 7: Classification and Measurements of financial instruments.
- Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity.
- Annual Improvements to IFRS Accounting Standards - Volume 11.
- IFRS 18: Presentation and Disclosure in Financial Statements.
- IFRS 19: Subsidiaries without Public Accountability: Disclosures

IFRS 18 is expected to have a significant impact on the way the statement of profit or loss is presented. The other new and amended standards are not expected to have a material impact on the consolidated financial statements. Management intends to adopt these new and amended standards, if applicable, when they become effective.

(All Amounts in Saudi Riyals Unless Otherwise Stated)

7. PROPERTY AND EQUIPMENT

	Land	Buildings	Furniture, office equipment and tools	Leasehold improvements	Vehicles	Capital work-in-progress	Total
Cost:							
As at January 1, 2024	73,126,427	310,873,243	172,989,650	252,543,143	8,349,307	185,895,000	1,003,776,770
Additions	-	61,175	12,726,926	8,242,171	258,101	23,950,969	45,239,342
Transfer from capital work-in- progress	-	33,043,243	-	-	-	(33,043,243)	-
Acquisition of business	-	-	4,582,966	2,833,854	585,262	-	8,002,082
Disposals	-	-	(1,411,536)	-	(69,413)	-	(1,480,949)
Foreign currency translation	-	(307,470)	(566,838)	(313,565)	157	-	(1,187,716)
As at December 31, 2024	73,126,427	343,670,191	188,321,168	263,305,603	9,123,414	176,802,726	1,054,349,529
Additions	**-**	**64,444**	**9,926,131**	**4,454,634**	**140,870**	**26,962,912**	**41,548,991**
Acquisition of subsidiary	**-**	**-**	**284,285**	**-**	**9,741**	**-**	**294,026**
Transfers to net investment in lease (note 8-4)	**-**	**-**	**-**	**-**	**-**	**(84,044,887)**	**(84,044,887)**
Disposals	**-**	**-**	**(3,950,331)**	**(669,383)**	**-**	**-**	**(4,619,714)**
Reclassification	**-**	**-**	**(808,777)**	**808,777**	**-**	**-**	**-**
Foreign currency translation	**-**	**33,250**	**186,318**	**31,179**	**(163)**	**-**	**250,584**
As at December 31, 2025	**73,126,427**	**343,767,885**	**193,958,794**	**267,930,810**	**9,273,862**	**119,720,751**	**1,007,778,529**
Accumulated depreciation and impairment:							
As at January 1, 2024	-	62,525,169	143,017,748	137,981,430	7,437,614	-	350,961,961
Charge for the year	-	11,049,489	9,630,484	10,218,644	283,580	-	31,182,197
Acquisition of business	-	-	3,011,566	661,620	443,482	-	4,116,668
Reversal of impairment	-	(12,817,643)	-	-	-	-	(12,817,643)
Disposals	-	-	(1,256,400)	-	(69,413)	-	(1,325,813)
Foreign currency translation	-	(6,932)	(476,908)	(117,253)	120	-	(600,973)
As at December 31, 2024	-	60,750,083	153,926,490	148,744,441	8,095,383	-	371,516,397
Charge for the year	**-**	**12,224,772**	**9,029,367**	**10,789,252**	**353,822**	**-**	**32,397,213**
Acquisition of subsidiary	**-**	**-**	**73,385**	**-**	**9,266**	**-**	**82,651**
Disposals	**-**	**-**	**(3,950,331)**	**-**	**(669,383)**	**-**	**(4,619,714)**
Reclassification	**-**	**-**	**(167,229)**	**167,229**	**-**	**-**	**-**
Foreign currency translation	**-**	**1,900**	**174,483**	**12,300**	**(115)**	**-**	**188,568**
As at December 31, 2025	**-**	**72,976,755**	**159,086,165**	**159,713,222**	**7,788,973**	**-**	**399,565,115**
Net book value as at December 31, 2025	**73,126,427**	**270,791,130**	**34,872,629**	**108,217,588**	**1,484,889**	**119,720,751**	**608,213,414**
Net book value as at December 31, 2024	73,126,427	282,920,108	34,394,678	114,561,162	1,028,031	176,802,726	682,833,132

(All Amounts in Saudi Riyals Unless Otherwise Stated)

7. PROPERTY AND EQUIPMENT (Continued)

a) Capital work-in-progress includes SAR 3 million of borrowing costs capitalized during the year ended December 31, 2025 (2024: SAR 4.3 million).
b) Land and capital work-in-progress with a book value of SAR 113 million as of December 31, 2025 (2024: SAR 116.2 million) have been pledged to secure borrowings of the Group (Refer to note 21).
c) Capital work-in-progress represents mainly the cost of the establishment of new schools in Khobar and leased buildings for the training sector.

The depreciation charge has been allocated between the expenses for the years ended December 31, as follows:

	2025	2024
Cost of revenue (note 25)	**28,459,407**	25,477,617
General and administrative expenses (note 27)	**3,937,806**	5,704,580
	32,397,213	31,182,197

8. LEASES

8-1 Right of use assets

	2025	2024
Cost:		
As at January 1,	**653,631,246**	714,729,457
Additions	**59,243,019**	77,940,438
Disposals (note 8-4)	**(12,264,038)**	(138,881,801)
Foreign currency translation	**13,420**	(156,848)
As at December 31,	**700,623,647**	653,631,246
Accumulated depreciation:		
As at January 1,	**212,275,266**	205,746,141
Charge for the year	**45,651,027**	44,353,232
Disposals (note 8-4)	**(1,672,216)**	(37,749,787)
Foreign currency translation	**(10,945)**	(74,320)
As at December 31,	**256,243,132**	212,275,266
Net book values as at December 31,	**444,380,515**	441,355,980

The Group leases land and buildings for operating schools, training centres, call centres, and administrative use. The lease term for these assets' ranges from 3 years to 30 years.

The depreciation charge has been allocated between the expenses for the years ended December 31, as follows:

	2025	2024
Cost of revenue (note 25)	**45,651,027**	42,993,577
General and administrative expenses (note 27)	**-**	1,359,655
	45,651,027	44,353,232

(All Amounts in Saudi Riyals Unless Otherwise Stated)

8. LEASES (Continued)

8-2 Lease Liabilities

The movement of lease liabilities for the years ended December 31 was as follows:

	2025	2024
As at January 1,	**736,028,183**	745,717,203
Additions	**59,243,019**	20,289,505
Unwinding the discount *	**43,852,245**	43,871,407
Paid	**(106,001,806)**	(73,986,644)
Foreign currency translation	-	136,712
As at December 31,	**733,121,641**	736,028,183
Current portion of lease liabilities	**69,038,091**	91,845,010
Non-current portion of lease liabilities	**664,083,550**	644,183,173

* The unwinding of the discount was capitalized to CWIP – PP&E amounts to SAR 1,993,549 (2024: SAR 497,701).

The maturity analysis of lease liabilities is provided in note 32.

8-3 Sale and leaseback transactions

The Group entered into several sale and leaseback transactions in order to finance the Group's expansion into educational projects.

	December 31, 2025	December 31, 2024
Total sale and leaseback transactions	**7,635,610**	8,439,358
Current portion of sale and leaseback	**803,748**	803,748
Non-current portion of sale and leaseback	**6,831,862**	7,635,610

The income recognized in the consolidated statement of profit or loss during the current year amounts to SAR 803,748 (2024: SAR 803,748).

8-4 Net investment in leases

The movement in net investment in leases during the years ended December 31 is as follows:

	2025	2024
As at January 1,	**186,968,739**	73,193,462
Addition *	**111,278,761**	177,230,357
Finance income	**17,441,060**	12,769,333
Proceed	**(7,001,056)**	(3,332,848)
Expected credit loss	**(1,470,250)**	(9,857,175)
Disposal **	-	(63,034,390)
As at December 31,	**307,217,254**	186,968,739
Current portion of net investment in leases	**49,422,989**	33,949,364
Non-current portion of net investment in leases	**257,794,265**	153,019,375

* In August 2025, the Group signed a sublease contract for a building located in the Al Jazeera District, Riyadh, for a period of 25 years. The total rentals as per the signed sublease contract amount to SAR 220.6 million receivable over the term of the sublease. This transaction resulted in a reduction of the balances of the right-of-use asset and construction-in-progress by SAR 10.6 million and SAR 84 million, respectively, recognition of a net investment in sublease of SAR 111 million, and recognition of a gain amounting to SAR 16.6 million.

* During 2024, 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 SAR 379.6 million receivable over the period of the sublease. This transaction resulted in a reduction of the right-of-use assets balance by SAR 101.1 million and the recognition of a gain amounting to SAR 76.1 million.

(All Amounts in Saudi Riyals Unless Otherwise Stated)

8. LEASES (Continued)

8-4 Net investment in leases (Continued)

** A sublessee defaulted on its payment obligations under two sublease contracts for buildings that were used in the operations of two schools. The company obtained a final court ruling to cancel the lease contracts with the lessor. The Company and the sublessee came to a mutual agreement to terminate the sublease contracts on August 1, 2024, in exchange for the sublessee transferring the business assets of the two schools to the Company and being relieved of any obligations under the sublease contracts. The above transaction resulted in the derecognition of the investment in the subleases with a carrying value of SAR 63 million and the recognition of a right-of-use asset amounting to SAR 57.6 million. This gave rise to a loss of SAR 5.3 million recognized in profit or loss.

The acquisition of the business assets of the two schools gave rise to a business combination and was accounted for in accordance with IFRS 3 Business Combinations. Refer to note 1 for details of the FV of assets acquired and the resulting bargain purchase gain of SAR 7.4 million.

9. INTANGIBLE ASSETS

	December 31, 2025	December 31, 2024
Intangible assets other than goodwill	**48,133,669**	46,149,003
Goodwill	**73,542,205**	65,722,967
	121,675,874	111,871,970

a) Intangible assets other than goodwill

	Copyrights, franchise and software	**Students' relationship list**	**Total**
<u>**Cost**</u>:			
As at January 1, 2024	64,305,105	12,564,970	76,870,075
Additions	2,317,922	-	2,317,922
Acquisition of business	3,611,527	-	3,611,527
Foreign currency translation	(292,736)	-	(292,736)
As at December 31, 2024	69,941,818	12,564,970	82,506,788
Additions	**4,707,668**	**-**	**4,707,668**
Acquisition of subsidiary	**8,413,043**	**-**	**8,413,043**
Foreign currency translation	**1,786,178**	**-**	**1,786,178**
As at December 31, 2025	**84,848,707**	**12,564,970**	**97,413,677**
Accumulated amortization and impairment:			
As at January 1, 2024	27,119,649	2,301,445	29,421,094
Charge for the year	5,461,621	1,607,666	7,069,287
Foreign currency translation	(132,596)	-	(132,596)
As at December 31, 2024	32,448,674	3,909,111	36,357,785
Charge for the year	**7,100,465**	**1,627,706**	**8,728,171**
Acquisition of subsidiary	**2,241,212**	**-**	**2,241,212**
Software Impairment	**1,108,067**	**-**	**1,108,067**
Foreign currency translation	**844,773**	**-**	**844,773**
As at December 31, 2025	**43,743,191**	**5,536,817**	**49,280,008**
Net book value			
As at December 31, 2025	**41,105,516**	**7,028,153**	**48,133,669**
As at December 31, 2024	37,493,144	8,655,859	46,149,003
Useful lives (years)	**3 - 20**	**3 - 12**	

(All Amounts in Saudi Riyals Unless Otherwise Stated)

9. INTANGIBLE ASSETS (Continued)

a) Intangible assets other than goodwill (Continued)

The amortization and impairment charge have been allocated between the expenses for the years ended December 31, as follows:

	2025	2024
Cost of revenue (note 25)	**8,113,940**	5,154,644
General and administrative expenses (note 27)	**614,231**	1,914,643
	8,728,171	7,069,287

The net book value of intangible assets includes SAR 5.6 million as at December 31, 2025 (2024: SAR 5.2 million), which have been determined to have an indefinite useful life.

b) Goodwill

	2025	2024
As at January 1	**65,722,967**	66,080,004
On acquisition of subsidiary (note 1)	**7,272,987**	-
Foreign currency translation	**546,251**	(357,037)
As at December 31	**73,542,205**	65,722,967

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

	December 31, 2025	December 31, 2024
Al-Faisaliyah National Schools Company	**41,345,133**	41,345,133
Linguaphone Group Limited	**12,468,474**	11,943,562
Fast Lane Computer Consultancy	**5,583,436**	5,583,436
Al – Roqi National Schools Company - LTD	**4,150,263**	4,150,263
Franklin Covey Middle East and its subsidiaries	**2,346,883**	2,346,883
Jobzella for Information Technology FZ - LLC	**375,029**	353,690
Mazaya Integrated Computer Solutions Company	**7,272,987**	-
	73,542,205	65,722,967

As of the year-end, the goodwill related to the acquisition of Al-Faisaliyah National Schools Company and Linguaphone Group Limited is significant to the consolidated financial statements. Goodwill is subject to annual impairment testing by comparing the carrying amount of each CGU to the recoverable amount, which has been determined based on a value-in-use and fair value less cost of disposal calculation using cash flow projections based on financial forecasts approved by management covering five years.

The terminal value is calculated using the Gordon Growth Model for the final year of the forecast period, which is 2% for Al Faisaliah and 4.45% for Linguaphone.

Sensitivity analysis

The calculation of value in use is most sensitive to the assumptions of revenue growth rate and post-tax discount rates. Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	The approach used to determine the value
Revenue growth rate	Average annual growth rate over the five-year forecast period based on past performance and management's expectations of market development.
Post-tax discount rate	A discount rate, namely weighted average cost of capital (WACC), is applied for specific business areas based on assumptions regarding interest rates, tax rates and risk premiums and is recalculated to a before-tax rate (Pre-tax discount rate).

(All Amounts in Saudi Riyals Unless Otherwise Stated)

9. INTANGIBLE ASSETS (Continued)

b) Goodwill (Continued)

Assumptions used for value-in-use calculations to which the recoverable amount is most sensitive were:

Sensitivity to changes in assumptions: Al-Faisaliyah National Schools Company

The implications of changes to the key assumptions are discussed below.

(a) Revenue Growth Rate Assumption: The revenue growth rate in the forecast period has been estimated to be a compound annual growth rate of 4.7%. If all other assumptions were kept the same, a reduction of this growth rate to 0.5% would give recoverable amount equal to the current carrying amount.

(b) Post-tax Discount Rate: The post-tax discount rate in the forecast period has been estimated to be 11.38%. If all other assumptions were kept the same, an increase of this discount rate to 21.8% would give a recoverable amount equal to the current carrying amount.

Sensitivity to changes in assumptions: Linguaphone Group Limited

The implications of changes to the key assumptions are discussed below.

a) Revenue Growth Rate Assumption: The revenue growth rate in the forecast period has been estimated to be a compound annual growth rate of 4.45%. If all other assumptions were kept the same, a reduction of this growth rate to 0% would result in a recoverable amount equal to the current carrying amount.

b) Post-tax Discount Rate: The post-tax discount rate in the forecast period has been estimated to be 13.31%. Management believes that no reasonably possible change in this key assumption would cause the carrying value of CGU, including goodwill, to materially exceed its recoverable amount.

10. INVESTMENTS IN EQUITY INSTRUMENTS CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group designated the investments shown below as equity securities carried at FVTOCI because these equity securities represent investments that the Group intends to hold for the long term for strategic purposes:

	Fair value		**Dividend income**	
	December 31, 2025	December 31, 2024	**2025**	2024
Al Rajhi REIT fund	**127,389,388**	135,149,147	**8,406,406**	8,810,560
	127,389,388	135,149,147	**8,406,406**	8,810,560

The movement in equity investments at fair value through other comprehensive income for the years ended December 31 is as follows:

	2025	2024
As at January 1,	**135,149,147**	146,561,754
Loss from revaluation	**(7,759,759)**	(8,406,407)
Disposal	**-**	(3,006,200)
As at December 31,	**127,389,388**	135,149,147

11. FINANCIAL DERIVATIVE INSTRUMENT CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group holds interest rate swaps that have not been designated as hedge instruments. These interest rate swaps had a nominal amount of SAR 63 million and a fair value of SAR 2.9 million as of December 31, 2025 (2024: nominal amount of SAR 73 million and fair value of SAR 4.6 million). Unrealized loss on this financial derivative instrument during the current year amounted to SAR 1.7 million (2024: loss of SAR 0.3 million).

	2025	2024
As at January 1,	**4,590,800**	4,882,345
Loss from revaluation	**(1,688,665)**	(291,545)
As at December 31,	**2,902,135**	4,590,800

(All Amounts in Saudi Riyals Unless Otherwise Stated)

12. INVENTORIES

Inventories are comprised mainly of books and training curricula distributed during courses.

	December 31, 2025	December 31, 2024
Inventories	**4,006,640**	4,090,123
Less: Provision for slow-moving inventory	**(1,434,809)**	(1,380,512)
	2,571,831	2,709,611

The movement of Provision for slow-moving inventory for the years ended December 31 is as follows:

	2025	2024
As at January 1,	**1,380,512**	1,456,619
Reversal	**-**	(60,986)
Foreign currency translation	**54,297**	(15,121)
As at December 31,	**1,434,809**	1,380,512

13. ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

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

	December 31, 2025	December 31, 2024
Contract assets		
- Call centre services	**56,786,804**	42,632,836
- Universities	**32,148,777**	9,248,279
- Others	**478,290**	3,020,719
	89,413,871	54,901,834
Contract liabilities		
- Schools	**35,808,188**	39,192,601
- Call centre services	**145,000**	1,864,931
- Management projects and others	**879,406**	181,055
	36,832,594	41,238,587

The group does not receive any consideration greater than 12 months in advance from customers, therefore, the contract liabilities as at December 31, 2024, of SR 41,238,587 have been recognized as revenue during the year.

14. TRADE RECEIVABLES

	December 31, 2025	December 31, 2024
Receivable from government customers	**288,813,539**	328,119,759
Receivable from non-government customers	**220,704,815**	183,739,243
	509,518,354	511,859,002
Less: Provision for expected credit losses	**(170,992,187)**	(143,627,815)
	338,526,167	368,231,187

The Movement of provision for expected credit losses for the years ended December 31 is as follows:

	2025	2024
As at January 1	**143,627,815**	139,383,892
Charge for the year	**31,365,977**	11,121,229
Write off	**(4,373,018)**	(6,802,593)
Foreign currency translation	**371,413**	(74,713)
As at December 31	**170,992,187**	143,627,815

(All Amounts in Saudi Riyals Unless Otherwise Stated)

15. 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.

15-1 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
Abdulaziz bin Rashed Abdulrahman Alrashed	Chairman of the Board of Directors
Alwaleed bin Abdulrazak Aldryaan	Board of Directors' member
Al-Falak Electronic Equipment and Supplies Company	Owned by Board of Directors member
Grey Fox Limited Company	Owned by Board of Directors member
Spectrum Wellness Establishment	Owned by Board of Directors member
Manar Al-Tfwq School	Owned by partner in a subsidiary
Sawa'ed Al-Roqi Company	Owned by partner in a subsidiary
Saleem Abdul Ghani Mhana Al-Baladi	Partner in a subsidiary
Abdulaziz Fahad Alkiridis	Partner in a subsidiary
Um Al Qura Schools	Partner in a subsidiary
Muhammad Al-Khudairi	Partner in a subsidiary
Abdullah Bin Ibrahim Al Imran	Partner in a subsidiary
Khaled Abdullah Al Shaea	Partner in a subsidiary
Tawuniya Insurance Company	Managed by key management personnel

15-2 Significant transactions that occurred with the related parties for the years ended December 31 are as follows:

Name of the related party	Nature of transaction	2025	2024
Tawuniya Insurance Company	Medical insurance premium	**36,232,828**	29,192,292
Abdulaziz bin Rashed Abdulrahman Alrashed	Tuition fee	**18,576,049**	6,111,539
	Operational expenses	**15,942,524**	6,500,738
	Collection/sale consideration	**2,880,000**	2,880,000
	Operating commission	**1,594,252**	650,074
Grey Fox Limited Company	Collection/sale consideration	**2,880,000**	2,880,000
Saleem Abdul Ghani Mhana Al-Baladi	Collection	**1,295,229**	-
	Payment on behalf	**-**	1,885,004
Um Al Qura Schools	Internal transfer	**1,647,687**	-
	Payment on behalf	**277,531**	4,172,802
	Purchases	**-**	581,251
Alwaleed bin Abdulrazak Aldryaan	Collection/sale consideration	**1,440,000**	1,440,000
Al-Falak Electronic Equipment and Supplies Co.	Rent as a lessee	**900,000**	900,000
Spectrum Wellness Establishment	Rent as a lessee	**600,407**	-
	Collection	**481,929**	-
	Payment on behalf	**-**	370,058
Relatives of key management	Salaries and other benefits	**1,700,883**	2,137,838

(All Amounts in Saudi Riyals Unless Otherwise Stated)

15. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

15-3 The following table presents details of the remuneration and compensation of directors and key management personnel for the years ended December 31, 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. The Executive Director receives fixed remuneration as a result of his direct duties and responsibilities.

	2025	2024
Short-term benefit	**7,099,857**	10,531,121
Board Member	**2,943,000**	2,743,000
End-of-service benefit	**322,883**	1,060,600
	10,165,740	14,334,721

15-4 Due from related parties

	December 31, 2025	December 31, 2024
Um Al Qura Schools	**4,976,380**	3,032,623
Spectrum Wellness Establishment	**600,407**	481,929
Saleem Abdul Ghani Mhana Al-Baladi	**486,996**	1,782,225
Abdulaziz bin Rashed Abdulrahman Alrashed	-	3,919,273
Grey Fox Limited Company	-	2,880,000
Manar Al-Tfwq School	-	1,454,856
Alwaleed bin Abdulrazak Aldryaan	-	1,440,000
	6,063,783	14,990,906

15-5 Due to related parties

	December 31, 2025	December 31, 2024
Abdulaziz Fahad Alkiridis	**1,138,737**	750,905
Abdullah Bin Ibrahim Al Imran	**200,000**	-
Khaled Abdullah Al Shaea	**200,000**	-
Muhammad Al-Khudairi	**300,000**	-
	1,838,737	750,905

16. PREPAYMENTS AND OTHER RECEIVABLES

	December 31, 2025	December 31, 2024
Prepaid expenses	**37,771,073**	38,020,546
Receivable from JeelPay Company	**16,949,318**	6,819,403
HRDF receivable	**8,108,149**	4,907,182
Receivable from legal cases	**4,885,660**	4,813,000
VAT receivables	**4,229,746**	-
Employee receivables	**3,823,670**	3,583,808
Supplier advances	**1,091,660**	2,290,837
Refundable deposits	**912,830**	1,524,078
Others	**4,551,237**	1,136,821
	82,323,343	63,095,675

(All Amounts in Saudi Riyals Unless Otherwise Stated)

17. CASH AND CASH EQUIVALENTS

	December 31, 2025	December 31, 2024
Cash at banks	**42,085,953**	63,837,683
Cash on hand	**425,487**	439,198
Bank deposit	**-**	4,993,521
	42,511,440	69,270,402

For the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	December 31, 2025	December 31, 2024
Cash at banks	**42,511,440**	69,270,402
Less: Bank overdrafts	**(5,008,416)**	(691,829)
	37,503,024	68,578,573

18. DISCONTINUED OPERATIONS

Spectrum Wellness Establishment

On September 28, 2022, the Board of Directors of the Group resolved to dispose of Spectrum Wellness Establishment (the "Establishment") through a sale. Accordingly, the associated assets and liabilities have been classified as current and presented as held for sale in the consolidated statement of financial position, and the associated results of operations have been classified as discontinued operations in the consolidated statement of profit or loss.

On November 6, 2024, Al Khaleej Training and Education decided to sell its entire shares in Spectrum Wellness Establishment, along with its branches and signed an agreement with related parties for a total value of SAR 7,200,000.

Financial information related to the Establishment for the year is as follows:

	2024
Revenue	6,119,346
Cost of revenue	(6,965,721)
Gross loss	(846,375)
Selling and marketing expenses	(211,865)
General and administrative expenses	(1,690,956)
Operating loss	(2,749,196)
Finance cost	(26,013)
Loss before Zakat	(2,775,209)
Zakat	(96,000)
Net loss for the year	(2,871,209)

The carrying amount of the assets and liabilities as at the date of disposal is as follows:

	December 31, 2024
Assets	
Property and equipment	5,934,556
Right-of-use assets	1,792,739
Inventories	889,940
Prepayments and other receivables	130,825
Cash and cash equivalents	212,229
Total assets	8,960,289
Liabilities	
Lease liabilities	15,934
Employees' defined benefit obligation	1,356,596
Trade and other liabilities	350,257
Zakat payable	37,502
Total liabilities	1,760,289
Net assets	7,200,000
Consideration received	7,200,000
No gain or loss on disposal	-

19. CAPITAL AND RESERVES

19-1 SHARE CAPITAL

The share capital issued and paid by the Company as at December 31, 2025, and 2024 is SAR 650 million, comprised of 65 million shares stated at SAR 10 per share.

19-2 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 SAR 83,043,571 to accumulated losses.

(All Amounts in Saudi Riyals Unless Otherwise Stated)

20. MATERIAL NON-CONTROLLING INTERESTS (NCI)

The following table summarizes the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations:

Summarized statements of financial position

	Al-Faisaliyah National Schools Company		Franklin Covey Middle East and its subsidiaries		Al-Roqi National Schools Company		Al-Riyadah Model Education Company	
	December 31, 2025	December 31, 2024	**December 31, 2025**	December 31, 2024	**December 31, 2025**	December 31, 2024	**December 31, 2025**	December 31, 2024
Current assets	**37,843,382**	40,630,583	**27,950,815**	25,811,282	**3,271,296**	1,843,202	**14,242,721**	10,876,458
Current liabilities	**(30,161,198)**	(35,718,976)	**(11,211,754)**	(11,256,688)	**(11,230,894)**	(14,060,199)	**(6,736,906)**	(6,410,310)
Net current assets (liabilities)	**7,682,184**	4,911,607	**16,739,061**	14,554,594	**(7,959,598)**	(12,216,997)	**7,505,815**	4,466,148
Non-current assets	**63,435,532**	64,474,377	**337,728**	250,123	**65,881,534**	67,849,482	**46,326,141**	48,189,426
Non-current liabilities	**(31,780,006)**	(32,726,668)	**(3,522,161)**	(2,947,484)	**(17,896,750)**	(18,048,792)	**(5,066,309)**	(5,685,130)
Net non-current assets (liabilities)	**31,655,526**	31,747,709	**(3,184,433)**	(2,697,361)	**47,984,784**	49,800,690	**41,259,832**	42,504,296
Net assets	**39,337,710**	36,659,316	**13,554,628**	11,857,233	**40,025,186**	37,583,693	**48,765,647**	46,970,444
NCI	**5,113,902**	4,765,711	**5,286,305**	4,624,321	**16,010,074**	15,033,477	**23,895,167**	23,015,518

Summarized statements of profit or loss and other comprehensive income

	Al-Faisaliyah National Schools Company		Franklin Covey Middle East and its subsidiaries		Al-Roqi National Schools Company		Al-Riyadah Model Education Company	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
Revenue	**69,639,456**	60,861,194	**42,047,613**	41,287,978	**21,978,937**	16,873,596	**20,860,897**	21,367,641
Profit for the year	**14,187,546**	2,990,138	**9,547,439**	11,020,956	**5,379,338**	2,163,485	**2,905,074**	4,432,112
Other comprehensive income	**62,822**	1,271,724	**-**	-	**62,119**	71,508	**251,208**	115,334
Total comprehensive income	**14,250,368**	4,261,862	**9,547,439**	11,020,956	**5,441,457**	2,234,993	**3,156,282**	4,547,446
Profit allocated to NCI	**1,844,381**	388,718	**3,723,501**	4,298,173	**2,151,735**	865,394	**1,423,486**	2,171,735
Dividends paid to NCI	**1,300,000**	1,378,343	**3,093,192**	5,385,661	**1,200,000**	1,311,484	**-**	-

(All Amounts in Saudi Riyals Unless Otherwise Stated)

20. MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following table summarizes the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations:

Summarized statements of cash flows

	Al-Faisaliyah National Schools Company		Franklin Covey Middle East and its subsidiaries		Al – Roqi National Schools Company		Al-Riyadah Model Education Company	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
Cash flows from operating activities	**26,795,073**	7,889,193	**284,114**	15,407,414	**5,713,149**	9,688,859	**1,726,177**	861,602
Cash flows used in investing activities	**(5,661,420)**	(7,641,481)	**(45,074)**	(5,199,215)	**(576,829)**	(3,366,458)	**(1,067,079)**	(749,317)
Cash flows used in financing activities	**(13,000,000)**	(7,378,343)	**(8,042,988)**	(14,010,482)	**(4,218,002)**	(6,072,665)	**(482,166)**	(482,166)
Net increase (decrease) in cash and cash equivalents	**8,133,653**	(7,130,631)	**(7,803,948)**	(3,802,283)	**918,318**	249,736	**176,932**	(369,881)

(All Amounts in Saudi Riyals Unless Otherwise Stated)

21. LOANS AND 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 an interest 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 (note 7).

The agreements include covenants which require the Group to maintain certain financial ratios. As at December 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 prior to the year-end.

The loans and borrowings balance comprises the following:

	2025	2024
Long-term loans	**372,925,804**	338,682,766
Short-term borrowings and bank overdrafts	**197,965,206**	202,015,093
	570,891,010	540,697,859

	2025	2024
Long-term loans:		
Non-current portion	**308,266,368**	278,219,629
Current portion	**64,659,436**	60,463,137
	372,925,804	338,682,766

22. EMPLOYEES' DEFINED BENEFIT OBLIGATION

The movement in employee-defined benefit obligation, a defined benefit plan, during the years ended December 31, is as follows:

	2025	2024
As at January 1	**98,446,655**	97,444,482
Expense charged to profit or loss	**24,278,874**	21,468,744
Benefit related to outsourced employees	**8,266,058**	2,980,215
Actuarial remeasurement charged to OCI	**11,041,889**	4,308,881
Paid	**(11,834,332)**	(27,755,667)
On acquisition of subsidiaries	**714,550**	-
As at December 31	**130,913,694**	98,446,655

* The balance of employees' defined benefit obligation as of December 31, 2025, includes an amount of SAR 23.4 million (2024: SAR 15.1 million) related to employees for whom the Group has a right to claim the end-of-service expense from other parties. Accordingly, the Group has recognized an asset for the recoverable amount from employee benefits.

The expenses charged to profit or loss for the years ended December 31 comprise:

	2025	2024
Current service cost	**20,072,550**	17,528,336
Unwinding the discount (note 29)	**4,206,324**	3,940,408
Expenses charged to profit or loss	**24,278,874**	21,468,744

(All Amounts in Saudi Riyals Unless Otherwise Stated)

22. EMPLOYEES' DEFINED BENEFIT OBLIGATION (Continued)

Significant actuarial assumptions

	2025	2024
Discount rate	**4.3% - 5.1%**	4.6% - 4.85%
Long-term salary increase rate	**0.25% - 4.1%**	0.25% - 4.85%

Sensitivity analysis of principal actuarial assumptions:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2025	2024
Discount rate +0.5%	**121,304,690**	93,933,016
Discount rate -0.5%	**130,875,144**	98,102,337
Long-term Salary +0.5%	**131,263,612**	98,055,836
Long-term Salary -0.5%	**120,875,792**	93,959,470

23. ACCRUED EXPENSES AND OTHER LIABILITIES

	December 31, 2025	December 31, 2024
Accrued employee benefit *	**38,444,364**	40,918,650
Value-added tax	**17,940,454**	17,198,344
Deferred licenses	**8,377,899**	7,500,995
Unidentified collections	**4,340,671**	8,047,836
Professional fees	**2,388,895**	2,113,550
Others	**8,014,923**	9,022,536
	79,507,206	84,801,911

* This balance includes accrued bonuses to the key management personnel and remuneration for the Board of Directors and key management as at December 31, 2025, amounting to SAR 5.1 million (2024: SAR 8.1 million).

24. ZAKAT AND INCOME TAX PAYABLE

	December 31, 2025	December 31, 2024
Zakat payable	**6,325,934**	12,148,226
Income tax payable	**666,495**	1,275,741
	6,992,429	13,423,967

24-1 Basis for Zakat and Income Tax

The Parent Company is subject to zakat payable at 2.58% of the greater of the approximate zakat base and adjusted profit. The significant components of the zakat base under zakat collection regulation principally comprise equity and its equivalents, certain liabilities capped to assets deducted from the zakat base, the difference between adjusted profit and accounting profit, less a deduction for certain assets. The zakat base is confined between equity and its equivalents as a ceiling and as a floor, the lesser of undetected assets plus the difference between adjusted profit and accounting profit on one hand, and adjusted profit on the other.

The subsidiaries outside Saudi Arabia are subject to income tax based on the regulations in their respective countries.

24-2 Zakat and income taxes charged to the statement of profit or loss for the years ended December 31 are as follows:

	2025	2024
Zakat charges	**1,711,266**	5,691,582
Income tax charges	**1,474,361**	2,340,966
	3,185,627	8,032,548

(All Amounts in Saudi Riyals Unless Otherwise Stated)

24. ZAKAT AND INCOME TAX PAYABLE (Continued)

24-3 The movement in the Zakat and income tax payable for the years ended December 31 is as follows:

	2025	2024
Movement of Zakat Payable:		
As at January 1	**12,148,226**	25,192,609
Charge for the year	**1,711,266**	5,691,582
Paid	**(7,533,558)**	(18,735,965)
As at December 31	**6,325,934**	12,148,226
Movement of income tax payable:		
As at January 1	**1,275,741**	69,435
Charge for the year	**1,474,361**	2,340,966
Paid	**(2,083,608)**	(905,501)
Foreign currency translation	**-**	(229,159)
As at December 31	**666,495**	1,275,741
Zakat and Income tax payable as at December 31	**6,992,429**	13,423,967

24-4 Status of certificates and assessments

The Company and its Saudi subsidiaries filed their Zakat returns with the Zakat, Tax and Customs Authority ("ZATCA") and obtained Zakat certificates up to the year 2024.

Status of Zakat assessments for the parent Company
Assessment for the years 2015-2020

The Parent Company received revised Zakat assessments from ZATCA demanding an additional amount of SAR 31.9 million, against which the Company filed an appeal with the Primary Committee, which reduced the amount of assessment to SAR 25 million. During the year 2022, the Company escalated to the General Secretariat of Zakat, Tax and Customs Committees and reached an agreement with ZATCA to settle the assessment by paying an amount of SAR 18.75 million through twelve equal monthly instalments.

Assessment for the years 2021-2024

The Parent Company received inquiries from ZATCA with respect to Zakat returns for the years 2021 and 2022. As of the date of approval of these consolidated financial statements, no revised assessments have been received from ZATCA for these years. For the years 2023 and 2024, are still under review by ZATCA.

Status of Income tax assessments for the other subsidiaries

No income tax assessment has been received to date for these subsidiaries. Differences that may arise from assessments are accounted for when the assessment is finalized with the tax authority in their respective countries.

The Group creates a provision for amounts that are likely to be eventually paid to ZATCA, or the tax authority, based on the advice of its zakat and tax expert.

25. COST OF REVENUE

	2025	2024
Staff cost	**756,073,001**	709,205,538
Direct materials	**61,022,619**	54,099,647
Depreciation of right-of-use assets (note 8)	**45,651,027**	42,993,577
Depreciation of property and equipment (note 7)	**28,459,407**	25,477,617
Amortization of intangible assets (note 9)	**8,113,940**	5,154,644
Others	**71,232,163**	71,941,623
	970,552,157	908,872,646

(All Amounts in Saudi Riyals Unless Otherwise Stated)

26. SELLING AND MARKETING EXPENSES

	2025	2024
Staff cost	**9,371,347**	9,268,633
Advertising	**3,611,351**	5,723,066
Promotion and gifts	**2,431,254**	1,224,187
	15,413,952	16,215,886

27. GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
Staff cost	**77,727,927**	76,597,288
Subscriptions and government expenses	**13,252,597**	18,469,787
Professional fees	**15,472,821**	8,372,793
Depreciation of property and equipment (note 7)	**3,937,806**	5,704,580
Rent expenses	**3,718,366**	2,552,170
Compensation for the Board of Directors	**2,776,000**	3,884,300
Utilities	**1,531,476**	2,898,943
Impairment of intangible assets (note 9)	**1,108,067**	-
Amortization of intangible assets (note 9)	**614,231**	1,914,643
Depreciation of right-of-use assets (note 8)	**-**	1,359,655
Others	**15,436,925**	13,414,106
	135,576,216	135,168,265

Auditor's contracted remuneration:

	2025	2024
Audit and review fees of the Parent Company	**1,455,000**	1,370,000
Audit and review fees of the subsidiaries	**747,391**	935,839
Other statutory assurance services	**50,000**	80,122
Zakat and tax attestation services	**45,000**	100,573
	2,297,391	2,486,534

28. OTHER INCOME, NET

	2025	2024
Gain from net investment in lease, net (note 8-4)	**16,642,052**	70,714,887
Dividend income (note 10)	**8,406,406**	8,810,560
Rental income	**4,664,904**	7,237,371
Amortization of deferred gain on sale and leaseback (note 8)	**803,748**	803,748
Gain from bargain purchase (note 1)	**-**	7,496,941
Gain from legal cases	**-**	2,813,000
Others	**4,595,703**	1,682,115
	35,112,813	99,558,622

29. FINANCE COST

	2025	2024
Unwinding the discount - lease liabilities (note 8)	**41,858,696**	43,373,706
Interest on loans and borrowings	**41,078,338**	38,719,608
Unwinding the discount - Employees' defined benefit obligation (note 22)	**4,206,324**	3,940,408
Others	**265,541**	1,143,679
	87,408,899	87,177,401

(All Amounts in Saudi Riyals Unless Otherwise Stated)

30. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares during the year.

Diluted earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, 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 years ended December 31:

	2025	2024
Net Profit attributable to the shareholders of the Company (SAR)	**15,182,009**	81,004,437
Weighted average number of outstanding shares during the year	**65,000,000**	65,000,000
Earnings per share from net profit attributable to shareholders of the Company (SAR)	**0.23**	1.25
Net Profit from continuing operations attributable to the shareholders of the Company (SAR)	**15,182,009**	83,875,646
Weighted average number of outstanding shares during the year	**65,000,000**	65,000,000
Earnings per share from net profit from continuing operations attributable to shareholders of the Company (SAR)	**0.23**	1.29

(All Amounts in Saudi Riyals Unless Otherwise Stated)

31. SEGMENT INFORMATION

The Group's principal activities are as disclosed in note 1. The Group has been organized into different operating segments based on the nature of the products and services it delivers, as follows:

Training: Provision of training programs related to language and computers to individuals and corporate customers.

Universities: Provision of academic staff for the orientation years according to the basis and standards set by the universities, and managing these human resources for the universities.

Management projects and others: Provision of qualified skilled personnel to corporate customers. Provision of support services to corporate customers, such as security maintenance and operational systems management.

Call centre: Managing and operating the customer service centres via telephone as well as digital technologies means for a number of government and corporate customers.

Schools: Incorporating and operating private educational schools for (boys/girls) from KG to grade 12 within the Kingdom of Saudi Arabia.

Selected financial information as at December 31, 2025 and December 31, 2024, and for the years then ended, categorized by these business segments, is as follows:

December 31, 2025	Management projects and others	Training	Call centers	Universities	Schools	Unallocated transactions and balances	Total
Revenue	39,031,170	188,013,958	587,449,851	111,401,381	295,776,043	-	1,221,672,403
Revenue - third parties	38,635,908	184,620,756	587,449,851	111,401,381	295,776,043	-	1,217,883,939
Gross profit	4,188,356	79,528,659	61,520,190	23,230,739	78,863,838	-	247,331,782
Depreciation of property and equipment	81,843	3,829,919	6,271,417	51,331	19,007,920	3,154,783	32,397,213
Depreciation of right-of-use assets	20,726	4,224,405	6,379,923	998,378	34,027,595	-	45,651,027
Amortization and impairment of intangible assets	461,035	2,255,407	3,676,635	-	2,275,536	59,558	8,728,171
Expected credit loss	3,072,762	4,619,502	12,615,431	4,958,189	7,570,343	-	32,836,227
Unallocated expenses (excluding depreciation, amortization and impairment)	-	-	-	-	-	(48,070,094)	(48,070,094)
Profit (loss) attributable to the shareholders of the Company	203,976	21,863,498	7,269,217	10,958,794	27,048,005	(52,161,481)	15,182,009
Profit (loss) for the year	120,300	25,666,248	7,554,728	10,958,794	31,637,480	(52,161,481)	23,776,069
Total assets	26,617,653	197,604,982	364,341,672	61,304,159	1,405,623,269	141,089,013	2,196,580,748
Total liabilities	34,113,309	211,326,325	162,910,897	70,972,969	727,671,717	422,308,475	1,629,303,692

(All Amounts in Saudi Riyals Unless Otherwise Stated)

31. SEGMENT INFORMATION (Continued)

December 31, 2024	Management projects and others	Training	Call centers	Universities	Schools	Unallocated transactions and balances	Total
Revenue	63,032,225	177,691,088	510,165,969	122,897,142	274,691,271	-	1,148,477,695
Revenue - third parties	61,493,918	173,349,780	510,165,969	122,897,142	275,200,764	-	1,143,107,573
Gross profit	7,805,909	75,794,303	53,237,451	23,280,963	74,116,301	-	234,234,927
Depreciation of property and equipment	78,562	3,958,725	6,620,889	219,024	17,271,606	3,033,391	31,182,197
Depreciation of right-of-use assets	-	4,654,407	6,386,197	391,336	31,681,370	1,239,922	44,353,232
Amortization and impairment of intangible assets	461,035	1,892,957	3,029,605	-	1,627,404	58,286	7,069,287
Expected credit loss	781,096	2,640,213	3,093,726	2,236,438	2,369,756	-	11,121,229
Unallocated expenses (excluding depreciation, amortization and impairment)	-	-	-	-	-	(26,212,909)	(26,212,909)
Profit (loss) attributable to the shareholders of the Company	(4,066,225)	17,071,030	9,905,606	13,633,782	16,178,847	28,281,397	81,004,437
Profit (loss) for the year	(3,660,320)	21,705,915	9,905,606	13,633,782	18,778,887	28,281,397	88,645,267
Total assets	26,223,894	132,706,637	349,817,709	87,944,793	1,399,529,104	154,872,921	2,151,095,058
Total liabilities	36,394,569	141,175,543	141,072,579	65,511,780	1,135,316,911	69,627,362	1,589,098,744

Finance cost and tax expenses are not analyzed at the segment level, as it is driven by the central treasury and tax functions, respectively, which manage these expenses at the Group level. Segment assets are measured in the same way as in the consolidated financial statements. These assets are allocated and analyzed based on the operations of the segment. The Group's management does not analyze total assets based on its geographical location, and therefore, country-wise total assets are not disclosed in these consolidated financial statements. The revenue earned from third parties from different business segments categorized by geographical region, is as follows:

December 31, 2025	**Management projects and others**	**Training**	**Call centers and IT**	**Universities**	**Schools**	**Total**
Kingdom of Saudi Arabia	**36,176,942**	**122,889,338**	**581,237,913**	**111,401,381**	**295,776,043**	**1,147,481,617**
Other GCC countries	**-**	**50,509,458**	**6,211,938**	**-**	**-**	**56,721,396**
Other countries	**2,458,966**	**11,221,960**	**-**	**-**	**-**	**13,680,926**
						1,217,883,939
December 31, 2024						
Kingdom of Saudi Arabia	58,291,736	113,410,882	510,165,969	122,897,142	275,200,765	1,079,966,494
Other GCC countries	-	48,584,020	-	-	-	48,584,020
Other countries	3,202,182	11,354,877	-	-	-	14,557,059
						1,143,107,573

(All Amounts in Saudi Riyals Unless Otherwise Stated)

32. FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

32-1 Fair value measurements of financial instruments

The following table shows the carrying amounts and fair values of financial assets, other than cash and cash equivalents, 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.

		Fair value			
Financial assets	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
December 31, 2025					
Financial derivative instrument carried at FVPL	**2,902,135**	-	**2,902,135**	-	**2,902,135**
Investments in equity instruments carried at FVOCI	**127,389,388**	**127,389,388**	-	-	**127,389,388**
December 31, 2024					
Financial derivative instrument carried at FVPL	4,590,800	-	4,590,800	-	4,590,800
Investments in equity instruments carried at FVOCI	135,149,147	135,149,147	-	-	135,149,147

32-2 Risk Management of Financial Instruments

The Group's activities expose it to a variety of financial risks, credit risks, liquidity risks and market price risk.

Credit Risk

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk primarily on its trade receivables, contract assets, net investment in leases, and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The Group does not hold collateral as security.

The Group seeks to limit its credit risk with respect to receivables by setting credit limits for individual customers and by monitoring outstanding balances on an ongoing basis. The receivable balances are monitored with the result that the Group's exposure to bad debts is not significant.

Bank balances are held with banks with sound credit ratings.

The exposure to credit risk for receivables by type of counterparty was as follows:

	December 31, 2025	December 31, 2024
Trade receivables	**338,526,167**	368,231,187
Net investment in lease	**307,217,254**	186,968,739
Contract assets	**89,413,871**	54,901,834
Cash and bank balances	**42,511,440**	69,270,402
Recoverable amount from employees' benefits	**23,391,733**	15,125,674
Due from related parties	**6,063,783**	14,990,906
Financial derivative instrument carried at FVPL	**2,902,135**	4,590,800
Other receivables	**18,953,808**	10,634,318
	828,980,191	724,713,860

(All Amounts in Saudi Riyals Unless Otherwise Stated)

32. FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)

32-2 Risk Management of Financial Instruments (Continued)

Credit Risk (Continued)

Management performs an impairment analysis at each reporting date using an allowance matrix to measure Expected Credit Losses ("ECLs"). The allowance rates are based on days past due for groupings of various customer segments with similar loss patterns.

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

As at December 31, 2025	Expected loss rate	Total book value	Expected credit losses	Net book value
Neither past due nor impaired	**1%**	**170,657,235**	**1,483,555**	**169,173,680**
Past due 1-90 days	**7%**	**22,331,560**	**1,575,235**	**20,756,325**
Past due 91-180 days	**4%**	**24,871,380**	**1,018,346**	**23,853,034**
Past due 181-365 days	**11%**	**73,807,766**	**8,057,772**	**65,749,994**
Past due over 365 days	**73%**	**217,850,413**	**158,857,279**	**58,993,134**
		509,518,354	**170,992,187**	**338,526,167**
As at December 31, 2024				
Neither past due nor impaired	2%	167,457,385	3,135,692	164,321,693
Past due 1-90 days	9%	96,848,436	8,909,003	87,939,433
Past due 91-180 days	17%	23,624,108	4,052,675	19,571,433
Past due 181-365 days	56%	6,068,651	3,399,144	2,669,507
Past due over 365 days	57%	217,860,422	124,131,301	93,729,121
		511,859,002	143,627,815	368,231,187

The credit risk exposure related to expected credit losses (ECLs) on the net investment in lease receivables amounts to SAR 1,470,250, representing 5.2% of the total gross lease receivables of SAR 28.2 million (2024: Nil).

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. The table below summarizes the maturity profile of financial liabilities based on contractual undiscounted payments:

December 31, 2025	Up to 1 year	More than 1 year and up to 5 years	More than 5 years	Total
Borrowings	**286,905,562**	**339,350,137**	**-**	**626,255,699**
Lease liabilities	**106,442,315**	**440,888,133**	**502,173,803**	**1,049,504,251**
Retention payable	**13,958,451**	**-**	**-**	**13,958,451**
Trade and other liabilities	**127,119,528**	**-**	**-**	**127,119,528**
Due to related parties	**1,838,737**	**-**	**-**	**1,838,737**
	536,264,593	**780,238,270**	**502,173,803**	**1,818,676,666**
December 31, 2024				
Borrowings	274,378,394	262,542,949	65,073,951	601,995,294
Lease liabilities	117,640,020	401,280,303	555,805,625	1,074,725,948
Retention payable	13,012,498	-	-	13,012,498
Trade and other liabilities	137,060,731	-	-	137,060,731
Due to related parties	750,905	-	-	750,905
	542,842,548	663,823,252	620,879,576	1,827,545,376

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and credit facilities are available to meet the Group's future commitments.

32. FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)

32-2 Risk Management of Financial Instruments (Continued)

Market Risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, and will affect the Group's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that's not the Company's functional currency. The Group's exposure to foreign currency risk is primarily limited to transactions in Great British Pounds ("GBP") and Egyptian Pounds ("EGP"). The Group is not exposed to foreign currency fluctuation risk arising from the Arab Emirates Dirham ("AED") and United States dollars ("USD") as these are pegged to USD and SAR, respectively. The fluctuation in exchange rates against GBP and EGP is monitored continuously. Quantitative data regarding the Group's exposure to currency risk arising from these foreign currencies presented in SAR is as follows:

	GBP	EGP	Total
December 31, 2025			
Cash at bank	**767,573**	**2,283,924**	**3,051,497**
Cash in hand	**8,055**	**11,317**	**19,372**
Trade receivables	**2,282,275**	**1,073,991**	**3,356,266**
Short-term borrowings	**25,281**	**-**	**25,281**
Trade payables	**10,430,075**	**185,484**	**10,615,559**
Net statement of financial position exposure	**(7,397,453)**	**3,183,748**	**(4,213,705)**
December 31, 2024			
Cash at bank	600,208	2,092,357	2,692,565
Cash in hand	6,946	2,482	9,428
Trade receivables	2,808,231	1,801,852	4,610,083
Short-term borrowings	70,735	-	70,735
Trade payables	11,271,079	447,406	11,718,485
Net statement of financial position exposure	(7,926,429)	3,449,285	(4,477,144)

The impact of possible reasonable changes in the exchange rates on net exposure is not material in the Group's net profit.

Interest rate risk

Interest rate risk is the risk that the value or the cash flow of financial instruments will fluctuate due to changes in the market interest rates. The Group has no significant variable interest-bearing long-term assets but has variable interest-bearing liabilities as at December 31, 2025 and 2024. The Group manages its exposure to interest rate risk by continuously monitoring movements in interest rates and by entering into interest rate swaps.

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

	December 31, 2025	December 31, 2024
Borrowings bearing floating interest rates	**497,557,675**	456,697,859
Borrowings bearing fixed interest rates	**73,333,335**	84,000,000
	570,891,010	540,697,859

(All Amounts in Saudi Riyals Unless Otherwise Stated)

32. FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)

32-2 Risk Management of Financial Instruments (Continued)

Interest rate risk (Continued)

The following table shows the sensitivity of the profit or loss to reasonably possible changes in interest rates, with other variables held constant.

	2025	2024
Interest rate +1%	**(5,708,910)**	(5,406,979)
Interest rate -1%	**5,708,910**	5,406,979

33. PRIOR YEARS' 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 year consolidated financial statements. The note below sets out the details of adjustments and reclassifications and the impact on the line items in the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows.

A) During the current financial year, the Group reassessed its revenue recognition method for educational service revenues so that revenues are now recognized over the duration of the academic year rather than the financial year. This change has been made in accordance with the guidance issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

This change reflects the Group's application of a method that more faithfully represents the pattern of satisfaction of its contractual performance obligation under IFRS 15. As a result of the change in the method of recognizing educational service revenues, the comparative figures have been restated as follows:

Impact of adjustments to the consolidated statement of profit or loss for the year ended December 31, 2024.

	Note	2024 (Audited)	Adjustment	2024 (Restated)
Continuing operations				
Revenue	A	1,142,598,080	509,493	1,143,107,573
Net profit for the year		88,135,774	509,493	88,645,267
Profit for the year attributed to:				
Shareholders of the Company	A	81,067,928	(63,491)	81,004,437
Non-controlling interests	A	7,067,846	572,984	7,640,830
		88,135,774	509,493	88,645,267
Basic and diluted earnings per share attributable to the shareholders of the Company				
- Profit from continuing operations	A	83,939,137	(63,491)	83,875,646
- Loss from discontinuing operations		(2,871,209)	-	(2,871,209)
		81,067,928	(63,491)	81,004,437
Net profit from continuing operations		1.29	-	1.29

(All Amounts in Saudi Riyals Unless Otherwise Stated)

33. PRIOR YEARS' ADJUSTMENTS (Continued)

Impact of adjustments to the consolidated statement of comprehensive income for the year ended December 31, 2024:

	Note	2024	Adjustment	2024
		(Audited)		(Restated)
Net profit for the year	A	88,135,774	509,493	88,645,267
Other comprehensive losses for the year		(14,306,964)	-	(14,306,964)
Total comprehensive income for the year		73,828,810	509,493	74,338,303
Total comprehensive income for the year attributed to:				
Shareholders of the Company		66,510,527	(63,491)	66,447,036
Non-controlling interest		7,318,283	572,984	7,891,267
		73,828,810	509,493	74,338,303

Impact of adjustments to the consolidated statement of financial position as at January 1, 2024:

	Note	January 1, 2024	Adjustment	January 1, 2024
		(Audited)		(Restated)
Accumulated losses	A	(191,849,048)	(8,445,312)	(200,294,360)
Total equity is attributable to the shareholders of the Company	A	455,513,738	(8,445,312)	447,068,426
Non-controlling interest	A	49,254,175	(589,102)	48,665,073
Total equity		504,767,913	(9,034,414)	495,733,499
Contract liabilities	A	63,175,476	9,034,414	72,209,890

Impact of adjustments to the consolidated statement of financial position as at December 31, 2024:

	Note	January 1, 2024	Adjustment	January 1, 2024
		(Audited)		(Restated)
Accumulated losses	A	(27,737,549)	(8,508,803)	(36,246,352)
Total equity is attributable to the shareholders of the Company	A	522,024,265	(8,508,803)	513,515,462
Non-controlling interest	A	48,496,970	(16,118)	48,480,852
Total equity		570,521,235	(8,524,921)	561,996,314
Contract liabilities	A	32,713,666	8,524,921	41,238,587

No impact of adjustments and reclassifications on the consolidated statement of cash flows for the year ended December 31, 2024.

(All Amounts in Saudi Riyals Unless Otherwise Stated)

34. CONTINGENCIES AND COMMITMENTS

Contingencies

The Group has provided letters of guarantee amounting to SAR 121.6 million as at December 31, 2025 (2024: SAR 149.9 million).

Commitments

The capital expenditure committed by the Group but not incurred till December 31, 2025, amounted to SAR 9 million (2024: SAR 13 million).

35. CAPITAL MANAGEMENT

The Board of Directors' policy is to maintain an efficient capital base to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitor the return on capital employed and the level of dividends to shareholders.

The Group's objectives when managing capital are:

i) to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
ii) to provide an adequate return to shareholders.

Consistent with the others in the industry, the Group monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by total equity. The Group's gearing ratio as of the year-end was as follows:

	December 31, 2025	December 31, 2024
Borrowings	**570,891,010**	540,697,859
Lease liabilities	**733,121,641**	736,028,183
Less: cash and cash equivalents	**(42,511,440)**	(69,270,402)
Net debt	**1,261,501,211**	1,207,455,640
Total equity attributable to shareholders of the Company	**510,364,213**	513,515,462
Gearing ratio	**2.47**	2.35

36. SUBSEQUENT EVENT

There are no significant events up to the reporting date that may require amendment or disclosure in these consolidated financial statements.

37. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors on Shawal 7, 1447H (corresponding to March 26, 2026G).