

Independent Auditor's Report

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

Baker Tilly Professional Services
 P O Box 300467, Riyadh 11372
 Kingdom of Saudi Arabia
 T: +966 (0)11 835 1600
 F: +966 (0) 11 835 1601

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, 2024, 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, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent 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, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><u>Impairment assessment of goodwill</u></p> <p>The carrying value of goodwill as at December 31, 2024, amounted to SR 65.7 million (2023: SR 66.1 million).</p> <p>The impairment assessment for the goodwill is considered a key audit matter due to the significant judgments made by management with respect to the revenue growth rate and pre-tax discount rate.</p> <p>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 in order to determine if an impairment exists. The management booked an impairment of SR 6.3 million for the year ended December 31, 2023 (2024: Nil).</p> <p>Refer to notes 5, 3.2, and 9 in the consolidated financial statements for the accounting policy and related disclosures.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> - Evaluated the methodology used by management to determine the recoverable amount based on value-in-use techniques. - Assessed the appropriateness of the assumptions applied to key inputs such as cashflow projections, terminal value and discount rate and performed a sensitivity analysis on those key assumptions. - Engaged our internal experts to evaluate the appropriateness of the discount rates applied, which included comparing the weighted average cost of capital with sector averages for the relevant markets in which the CGU operates; 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
<p>Impairment of trade receivables</p> <p>As at December 31, 2024, the gross trade receivables amounted to SR 511.9 million (2023: SR 555.7 million), against which a provision for impairment of SR 143.6 million was being maintained (2023: SR 139.4 million).</p> <p>In accordance with the requirements of IFRS 9 Financial Instruments, the Group has applied the expected credit loss model to account for the impairment of trade receivables.</p> <p>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.</p> <p>Refer to notes 5, 3.2, 14 and 32 in the consolidated financial statements for the accounting policy and related disclosures.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> - Tested the completeness and accuracy of 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 experts 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 relevant accounting standards.

Other Information

Other information consists of the information included in the Group's 2024 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 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 International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA 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 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
(License No. 489)
Riyadh on Shawwal 9, 1446 H
Corresponding to April 7, 2025 G

