

**NATIONAL COMPANY FOR LEARNING  
AND EDUCATION**  
(A Saudi Joint Stock Company)  
**Condensed Consolidated Interim Financial Statements** (unaudited)  
For the three-month period ended  
**30 November 2021**  
together with the  
**Independent Auditor's Report**  
on review of the condensed consolidated interim financial statements

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
**(A Saudi Joint Stock Company)**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
For the three-month period ended  
At 30 November 2021

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## KPMG Professional Services

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Kingdom of Saudi Arabia  
Commercial Registration No 1010425494

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

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

To the shareholders of National Company for Learning and Education

## Introduction

We have reviewed the accompanying 30 November 2021 condensed consolidated interim financial statements of **National Company for Learning and Education ("the Company")** and its subsidiaries ("**the Group**"), which comprises:

- The condensed consolidated statement of financial position as at 30 November 2021,
- The condensed consolidated statement of profit or loss for the three-month period ended 30 November 2021,
- The condensed consolidated statement of comprehensive income for the three-month period ended 30 November 2021,
- the condensed consolidated statement of changes in equity for the three-month period ended 30 November 2021,
- The condensed consolidated statement of cash flows for the three-month period ended 30 November 2021, and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

## Scope of Review

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 November 2021 of National Company for Learning and Education ("the Company") and its subsidiaries ("the Group") are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services

Fahad Mubark Al Dossari  
License No. 469

Date: 7 Jumada II 1443 H  
Corresponding to: 10 January 2022



KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (25,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved

كي بي إم جي للاستشارات المهنية شركة مبنية مساهمة منقولة، مسجلة في المملكة العربية السعودية، رأس مالها (٢٥,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسجلة سابقاً كشركة كي بي إم جي للفرزان وشركاه محاسبين ومراجعين تقوئين. وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة التابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 30 November 2021**  
(Amounts in Saudi Riyals)

	<i>Note</i>	<b>30 November 2021 (Unaudited)</b>	31 August 2021 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	<b>528,232,910</b>	518,770,289
Intangible assets and goodwill		<b>80,804,095</b>	81,237,086
Right-of-use assets	5	<b>136,438,968</b>	66,034,708
<b>Total non-current assets</b>		<b>745,475,973</b>	666,042,083
<b>Current assets</b>			
Inventory		<b>3,123,997</b>	3,618,733
Accounts receivable		<b>30,570,036</b>	19,373,208
Prepayments and other receivables		<b>30,971,622</b>	34,087,022
Cash and cash equivalents		<b>134,096,588</b>	137,499,269
<b>Total current assets</b>		<b>198,762,243</b>	194,578,232
<b>Total assets</b>		<b>944,238,216</b>	860,620,315
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	<b>430,000,000</b>	430,000,000
Share premium		<b>100,985,697</b>	100,985,697
Statutory reserve		<b>31,493,599</b>	31,493,599
Retained earnings		<b>68,705,128</b>	52,519,345
<b>Total equity</b>		<b>631,184,424</b>	614,998,641
<b>Non-current liabilities</b>			
Non-current portion of Islamic Murabaha and Ministry of Finance loans	6.7	<b>16,171,328</b>	16,032,162
Employees' benefits		<b>52,282,842</b>	53,774,000
Non-current portion of lease liability on right-of-use assets	5	<b>123,324,367</b>	62,605,356
<b>Total non-current liabilities</b>		<b>191,778,537</b>	132,411,518
<b>Current liabilities</b>			
Current portion of Islamic Murabaha and Ministry of Finance loans	6.7	<b>14,000,211</b>	18,917,801
Advances from accounts receivable	7	<b>78,958,404</b>	76,524,261
Accounts payable		<b>1,953,064</b>	164,990
Current portion of deferred revenue of government grants	6.3	<b>126,315</b>	208,725
Current portion of lease liability on right-of-use assets	5	<b>10,776,768</b>	5,697,592
Accrued expenses and other current liabilities		<b>10,483,310</b>	7,677,104
Zakat provision		<b>4,977,183</b>	4,019,683
<b>Total current liabilities</b>		<b>121,275,255</b>	113,210,156
<b>Total liabilities</b>		<b>313,053,792</b>	245,621,674
<b>Total equity and liabilities</b>		<b>944,238,216</b>	860,620,315

The accompanying notes 1 through 16 form an integral part of these condensed consolidated interim financial statements.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**(UNAUDITED)**  
**For the three-month period ended 30 November 2021**  
(Amounts in Saudi Riyals)

	<u>Note</u>	<u>30 November 2021</u>	<u>30 November 2020</u>
Revenue		73,284,949	42,114,938
Government grants and subsidies		1,092,418	2,337,263
Cost of revenue		<u>(43,997,764)</u>	<u>(30,541,643)</u>
<b>Gross profit</b>		<b>30,379,603</b>	<b>13,910,558</b>
Marketing and advertising expenses		(237,141)	(515,008)
General and administrative expenses		(9,730,593)	(8,106,537)
Other income		173,525	935,345
<b>Operating profit</b>		<b>20,585,394</b>	<b>6,224,358</b>
Finance costs, net	13	<u>(1,524,599)</u>	<u>(1,611,202)</u>
<b>Net profit for the period before Zakat</b>		<b>19,060,795</b>	<b>4,613,156</b>
Zakat		<u>(957,500)</u>	<u>(825,000)</u>
<b>Net profit for the period</b>		<b>18,103,295</b>	<b>3,788,156</b>
<b>Earnings per share:</b>			
Basic and diluted earnings per share	14	<u><u>0.42</u></u>	<u><u>0.09</u></u>

The accompanying notes 1 through 16 form an integral part of these condensed consolidated interim financial statements.





**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**(UNAUDITED)**  
**For the three-month period ended 30 November 2021**  
(Amounts in Saudi Riyals)

	<u>30 November 2021</u>	<u>30 November 2020</u>
<b>Net profit for the period</b>	<b><u>18,103,295</u></b>	<u>3,788,156</u>
<b><u>Other comprehensive income</u></b>		
<b><u>Items that will not be reclassified subsequently to profit or loss</u></b>		
Actuarial losses from re-measurement of employees' end of service benefits	<b><u>(1,917,512)</u></b>	<u>(1,270,169)</u>
<b>Total items that will not be reclassified to profit or loss in subsequent periods</b>	<b><u>(1,917,512)</u></b>	<u>(1,270,169)</u>
Total other comprehensive loss for the period	<b><u>(1,917,512)</u></b>	<u>(1,270,169)</u>
<b>Total comprehensive income for the period</b>	<b><u><u>16,185,783</u></u></b>	<u><u>2,517,987</u></u>

The accompanying notes 1 through 16 form an integral part of these condensed consolidated interim financial statements.






**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**(UNAUDITED)**  
**For the three-month period ended 30 November 2021**  
(Amounts in Saudi Riyals)

	<u>Share capital</u>	<u>Share premium</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance as at 1 September 2020 (audited)	430,000,000	100,985,697	29,047,848	64,820,186	624,853,731
Net profit for the period	--	--	--	3,788,156	3,788,156
Other comprehensive loss	--	--	--	(1,270,169)	(1,270,169)
<b>Total comprehensive income for the period</b>	--	--	--	2,517,987	2,517,987
<b>Balance as at 30 November 2020</b>	<u>430,000,000</u>	<u>100,985,697</u>	<u>29,047,848</u>	<u>67,338,173</u>	<u>627,371,718</u>
<b>Balance as at 1 September 2021 (audited)</b>	<b>430,000,000</b>	<b>100,985,697</b>	<b>31,493,599</b>	<b>52,519,345</b>	<b>614,998,641</b>
Net profit for the period	--	--	--	<b>18,103,295</b>	<b>18,103,295</b>
Other comprehensive loss	--	--	--	<b>(1,917,512)</b>	<b>(1,917,512)</b>
<b>Total comprehensive income for the period</b>	--	--	--	<b>16,185,783</b>	<b>16,185,783</b>
<b>Balance as at 30 November 2021</b>	<u><b>430,000,000</b></u>	<u><b>100,985,697</b></u>	<u><b>31,493,599</b></u>	<u><b>68,705,128</b></u>	<u><b>631,184,424</b></u>

The accompanying notes 1 through 16 form an integral part of these condensed consolidated interim financial statements.





**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
(UNAUDITED)

**For the three-month period ended 30 November 2021**

(Amounts in Saudi Riyals)

	30 November 2021	30 November 2020
<b>Cash flows from operating activities</b>		
Net profit for the period before Zakat	19,060,795	4,613,156
<b>Adjustments for:</b>		
Depreciation and amortization	6,290,810	3,939,312
Employees' benefits	1,334,659	1,532,710
Realized revenue from government grants	(82,410)	(214,280)
Short term Islamic deposits returns	(137,669)	(96,174)
Finance costs	1,662,268	1,707,376
Reverse of impairment in the prepaid and other receivables	--	(3,450)
	28,128,453	11,478,650
<b>Changes in operating assets and liabilities</b>		
Accounts receivable	(11,196,828)	(6,180,622)
Inventory	494,736	(103,519)
Prepayments and other receivables	3,115,400	(5,932,095)
Accounts payable	1,788,074	145,724
Accrued expenses and other current liabilities	2,806,206	710,985
Advances from accounts receivable	2,434,143	3,746,417
Employees' benefits paid	(5,098,329)	(1,051,225)
Zakat paid	--	(1,148,216)
<b>Net cash flows generated from operating activities</b>	22,471,855	1,666,099
<b>Cash Flows from investing activities</b>		
Additions to property, plant and equipment and projects in progress	(11,862,205)	(4,828,337)
Proceeds from short-term Islamic Murabaha returns	137,669	96,174
<b>Net cash flows used in investing activities</b>	(11,724,536)	(4,732,163)
<b>Cash flows from financing activities</b>		
Repayment of Islamic Murabaha and Ministry of Finance loans	(5,000,000)	--
Repayment of lease liability	(9,150,000)	--
<b>Net cash flows used in financing activities</b>	(14,150,000)	--
<b>Net change in cash and cash equivalents</b>	(3,402,681)	(3,066,064)
Cash and cash equivalents at beginning of the period	137,499,269	107,519,296
<b>Cash and cash equivalents at the end of the period</b>	134,096,588	104,453,232
<b><u>Non-cash transactions during the period</u></b>		
Actuarial losses on re-measurement of employees' benefits	(1,917,512)	(1,270,169)
Capitalized returns on projects in progress	15,559	18,462
Transferred from projects under progress	104,302,640	43,023,448
Right-of-use assets	73,846,936	--
lease liability on right-of-use assets	73,846,936	--

The accompanying notes 1 through 16 form an integral part of these condensed consolidated interim financial statements.



**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(UNAUDITED)  
**For the three-month period ended 30 November 2021**

**1. ORGANIZATION AND ACTIVITIES**

National Company for Learning and Education (“the Company”) a Saudi Joint Stock Company registered under Commercial Registration Number 1010178851 issued in Riyadh on 4 Jumada I 1423H (corresponding to 14 July 2002).

The Company is engaged in ownership, establishment and management of private schools for general education (pre-university) in addition to investment in sport and entertainment along with sport clubs for school students.

Branch of Tarbyah Namouthajiyah Schools/Al-Rayan District registered under CR no. 1010205885 dated 12 Muharram 1426H corresponding to 21 February 2005.

Branch of Tarbyah Namouthajiyah Schools/Al-Rawabi district registered under CR no. 1010226993 dated 24 Dhul-Hijjah 1427H corresponding to 14 January 2007.

Branch of Tarbyah Namouthajiyah Schools/Al-Nuzha district registered under CR no. 1010284328 dated 4 Rabi II 1431H corresponding to 20 March 2010.

Branch of Tarbyah Namouthajiyah Schools/Qurtubah district registered under CR no. 1010466961 dated 5 Rabi II 1438H corresponding to 3 January 2017.

Branch of Tarbyah Namouthajiyah Schools/Buraydah District registered under CR no. 1131300125 dated 16 Ramadan 1440H corresponding to 21 May 2019.

Al Khwarizmi Educational Company registered under CR no. 1010290982 dated 18 Rajab 1431H corresponding to 30 June 2010.

Al Ghad National Schools Company registered under CR no. 1010168956 dated 20 Jumada II 1422H corresponding to 9 September 2001.

Branch of Tarbyah Namouthajiyah Schools/Qairwan District registered under CR no. 1010644469 dated 1 Dhul Hijah 1441H corresponding to 22 July 2020.

Branch of Tarbyah Namouthajiyah Schools/Telal Al Doha- Dammam District registered under CR no. 2050138947 dated 9 Rabi I 1442H corresponding to 26 October 2020.

Branch of Tarbyah International Schools/Rayan District registered under CR no. 1010644470 dated 1 Dhul Hijah 1441H corresponding to 22 July 2020.

Branch of Tarbyah International Schools/Al-Nuzha District registered under CR no. 1010727959 dated 28 Dhul Qaida 1442H corresponding to 8 July 2021.

Branch of Tarbyah Sports/Rayan District registered under CR no. 1010664733 dated 10 Rabi I 1442H corresponding to 27 October 2020.

Branch of Tarbyah Sports/Rawabi District registered under CR no. 1010664732 dated 10 Rabi I 1442H corresponding to 27 October 2020.

Branch of Tarbyah Sports/Al-Nuzha District registered under CR no. 1010665999 dated 12 Rabi I 1442H corresponding to 29 October 2020.

Refan Operation and Maintenance Company registered under CR no. 1010405386 dated 20 Rabi II 1435H corresponding to 20 February 2014.

Branch of Alaridh District registered under CR no. 1010741207 Safar 1443 H corresponding to 12 September 2021.

Branch of Alaridh District registered under CR no. 1010738751 dated 24 Muharram 1443 H corresponding to 1 September 2021.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**  
**For the three-month period ended 30 November 2021**

**1. ORGANIZATION AND ACTIVITIES (CONTINUED)**

These consolidated financial statements include the financial information of the Company, and the following subsidiaries whose share capital is wholly owned directly by the Group (collectively referred to as the “Group”):

<u>Subsidiary Company</u>	<u>Country of incorporation</u>	<u>Ownership %</u>	
		<u>30 November 2021</u>	<u>31 August 2021</u>
Al Khwarizmi Educational Company	Kingdom of Saudi Arabia	100	100
Al Ghad National Schools Company	Kingdom of Saudi Arabia	100	100
Refan Operation and Maintenance Company	Kingdom of Saudi Arabia	100	100

The Group’s head office is located in Riyadh,  
P.O. Box 41980 Riyadh 11531  
Kingdom of Saudi Arabia.

**2. BASIS OF PREPARATION**

**Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

These condensed consolidated interim financial statements should be read in conjunction with the Group’s financial statements for the year ended 31 August 2021. These condensed consolidated interim financial statements do not include all the required information to prepare a full set of financial statements in accordance with IFRS; however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the previous year consolidated financial statements.

**Basis of measurement**

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for employees’ benefits obligations which are measured using the projected credit unit, the accrual basis of accounting and the going concern concept.

**Functional and presentation currency**

These condensed consolidated interim financial statements are presented in Saudi Riyal (“SAR”), which is the functional and presentation currency of the Group.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(UNAUDITED)  
For the three-month period ended 30 November 2021

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1- Basis of consolidation**

**1) Business combinations**

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred at the acquisition is generally measured at fair value of the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

**2) Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date the control commences until the date the control ceases.

**3) Non-controlling interest ("NCI")**

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in the subsidiary that do not result in a loss of control are accounted for as equity transactions.

**4) Loss of control**

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity and any gain or loss is recognized in the statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

**2- Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic considerations interest.

Fair value measurement of a non-financial assets takes into account a market participants' ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the same asset in its highest and best use.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**  
**For the three-month period ended 30 November 2021**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2- Fair value measurement (continued)**

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated interim financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets and liabilities can be obtained at the measurement date.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly observable (such as prices) or indirectly (derived from prices).

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (unobservable inputs).

For assets and liabilities that are recognized in the condensed consolidated interim financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group has determined the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Group analyzes the changes in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value for each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**3- Revenue recognition**

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

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

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(UNAUDITED)  
For the three-month period ended 30 November 2021

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3- Revenue recognition (continued)**

**Identify the contract with customer**

The Group carefully evaluates the terms and conditions of the contracts with its customers because revenue is recognized only when performance obligations in contracts with customers are satisfied. A change in the scope or price (or both) of a contract is considered as a contract modification and the Group determines whether this creates a new contract or whether it will be accounted for as part of the existing contract.

**Identify the performance obligations**

Once the Group has identified the contract with a customer, it evaluates the contractual terms and its customary business practices to identify all the promised services within the contract and determine which of those promised services (or bundles of promised services) will be treated as separate performance obligations.

**Determine the transaction price**

The Group determines transaction price as the amount which it expects to be entitled. It includes an estimate of any variable consideration, the effect of a significant financing component (i.e., the time value of money), the fair value of any non-cash consideration and the effect of any consideration paid or payable to a customer (if any).

Variable considerations are limited to the amount for which it is highly probable that a significant reversal will not occur when the uncertainties related to the variability are resolved.

**Allocation of transaction price**

Once the performance obligations have been identified and the transaction price has been determined, transaction price is allocated to the performance obligations, generally in proportion to their stand-alone selling prices (i.e., on a relative stand-alone selling price basis). When determining stand-alone selling prices, the Group is required to use observable information, if available. If stand-alone selling prices are not directly observable, the Group makes estimates based on information that is reasonably available.

**Recognition of revenue**

Revenue is recognized only when the Group satisfies a performance obligation by transferring control of a promised service to the customer. Control may be transferred over time or at a point in time. Where a performance obligation is satisfied overtime, the Group identifies the progress under the contract based on either of an input or output method which best measures the performance completed to date. The method selected is applied consistently to similar performance obligations and in similar circumstances.

The Group believes that it fulfills its performance obligations in its contracts with customers over time, and hence it recognizes revenue as and when it fulfills its obligations under contracts with customers.

The Group generates following revenue stream that are covered under IFRS 15 'Revenue from Contracts with Customers'.

**Education services**

Revenue is recognized when education services to registered students at schools are provided for each educational year and recognized net of discounts and exemptions.

**Other operating income**

Other operating income is recognized once performance obligation is satisfied based on the agreement between the Group and the counterparty.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4- Financial instruments**

**Classification and measurement of financial assets and financial liabilities**

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investments; FVOCI – equity investments; or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not classified at fair value through profit or loss.

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

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured (unless it is a receivable without a significant financing component that is initially measured at the transaction price) at fair value, for an item not at FVTPL, plus transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
<b>Financial asset at amortized cost</b>	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
<b>Debt investments at FVOCI</b>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
<b>Equity investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4- Financial instruments (continued)**

The Group has no debt investments at FVOCI or equity investments at FVOCI.

**Impairment of financial asset**

The financial assets at amortized cost consist of receivables, cash and cash equivalents and other debit balances.

Loss provisions are measured on the bases of Expected Credit Losses (“ECLs”) over lifetime of a financial instrument: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information

**Measurement of ECLs**

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all value shortfalls (i.e. the difference between cash flows due to the Group in accordance with the contract and cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

For receivables, the Group applies the simplified approach to estimate ECLs.

**Impaired financial assets**

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are impaired. A financial asset is impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

**Presentation of impairment**

Loss provisions for financial assets are deducted from the gross carrying amount of the assets.

Impairment losses related to trade receivables, if any, are presented in the condensed consolidated statement of profit or loss under a separate item.

**Financial liabilities**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4- Financial instruments (continued)**

**Disposal**

**Financial assets**

A financial asset (or part of a group of similar financial assets) is primarily derecognized (i.e., excluded from the condensed consolidated interim statement of financial position of the Group) in the following cases:

- The rights to receive cash flows from the asset have been expired;
- The Group has transferred its rights to receive cash flows from the asset, or assumed an obligation to pay cash flows received in full without delay to a third party under a "pass" arrangement; (a) the Group substantially transferred all the risks and rewards of the asset; or (b) transferred control over the asset and the Group has neither transferred nor retained substantially the risks and rewards of the financial asset.

**Financial liabilities**

The Group derecognizes financial liabilities when its contractual obligations are discharged, cancelled or expired. The Group also derecognizes financial liabilities when the terms and cash flows of the modified obligation are substantially modified, in which case a new financial liability is recognized based on the modified terms at fair value.

On disposal of a financial liability, the difference between the amortized carrying amount and the amount paid (including any non-cash assets transferred or charged liabilities) is recognized in the condensed consolidated statement of profit or loss.

**5- Share premium**

The share premium represents the difference between the value of the share and its par value at the date of issuance, after deducting subscription expenses as set out in the published prospectus and should not be distributed as dividends to the shareholders.



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**4. PROPERTY, PLANT AND EQUIPMENT**

	Lands (*)	Buildings and improvements on buildings	Furnitures & fixtures	Computers and equipment	Motor vehicles	Projects in progress (**)	Total
<b>Cost</b>							
As at 1 September 2020	101,308,775	241,940,766	34,371,947	56,234,872	8,014,886	231,150,555	673,021,801
Additions as a result of acquisition	--	--	12,926	11,325	--	--	24,251
Additions during the year	--	193,165	2,946,065	1,413,976	--	4,563,769	9,116,975
Transferred from projects in progress	11,394,900	25,473,315	1,361,954	4,793,279	--	(43,023,448)	--
<b>As at 31 August 2021</b>	<b>112,703,675</b>	<b>267,607,246</b>	<b>38,692,892</b>	<b>62,453,452</b>	<b>8,014,886</b>	<b>192,690,876</b>	<b>682,163,027</b>
Additions during the period	--	292,000	6,023,699	2,958,299	1,746,300	857,466	11,877,764
Transferred from projects in progress	44,587,500	48,345,277	2,890,486	8,479,377	--	(104,302,640)	--
<b>As at 30 November 2021</b>	<b>157,291,175</b>	<b>316,244,523</b>	<b>47,607,077</b>	<b>73,891,128</b>	<b>9,761,186</b>	<b>89,245,702</b>	<b>694,040,791</b>
<b>Accumulated depreciation</b>							
As at 1 September 2020	--	72,306,986	28,965,429	46,640,291	7,977,921	--	155,890,627
Adjustments	--	99,989	--	40,012	(140,001)	--	--
Charge as a result of acquisition	--	--	2,168	9,383	--	--	11,551
Charge for the year	--	4,011,813	1,358,230	2,096,976	23,541	--	7,490,560
<b>As at 31 August 2021</b>	<b>--</b>	<b>76,418,788</b>	<b>30,325,827</b>	<b>48,786,662</b>	<b>7,861,461</b>	<b>--</b>	<b>163,392,738</b>
Charge for the period	--	1,189,869	460,449	715,238	49,587	--	2,415,143
<b>As at 30 November 2021</b>	<b>--</b>	<b>77,608,657</b>	<b>30,786,276</b>	<b>49,501,900</b>	<b>7,911,048</b>	<b>--</b>	<b>165,807,881</b>
<b>Net book value</b>							
<b>As at 30 November 2021</b>	<b>157,291,175</b>	<b>238,635,866</b>	<b>16,820,801</b>	<b>24,389,228</b>	<b>1,850,138</b>	<b>89,245,702</b>	<b>528,232,910</b>
As at 31 August 2021	112,703,675	191,188,458	8,367,065	13,666,790	153,425	192,690,876	518,770,289

(\*) Land item includes the plot of Tarbyah Namouthajiyah Schools/ Nuzha District amounting to SR 16,658,500 as at 30 November 2021. The aforementioned land is mortgaged in favor of the Ministry of Finance as a collateral for loan (note 6-2). In addition, land item includes a plot to establish schools at Al-Qairawan District with the amount of at SR 44,587,500 mortgaged to a local bank and the same shall be released upon the settlement of the last installment on 8 September 2023 (note 6-4)

(\*\*) The projects in progress item includes Al Qasr Scheme Project in Khobar, which comprises two plots with a total amount of SR 18,185,377, mortgaged to a local bank and the same shall be released upon settlement of the last installment on 18 May 2025 (note 6-5).

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**5. RIGHT-OF-USE ASSETS AND LEASE LIABILITY ON RIGHT-OF-USE ASSETS**

**Right-of-use assets**

	<b>30 November 2021</b>	<b>31 August 2021</b>
Balance at the beginning of the period / year	66,034,708	72,462,593
Additions during the period / year	73,846,936	--
Depreciation for the period / year	(3,442,676)	(6,427,885)
<b>Balance at end of the period / year</b>	<b>136,438,968</b>	<b>66,034,708</b>

**Leases liabilities on the right-of-use assets**

	<b>30 November 2021</b>	<b>31 August 2021</b>
Balance at the beginning of the period / year	68,302,948	72,692,223
Additions during the period / year	73,846,936	--
Interest expense for the period / year	1,101,251	2,560,725
Rent Discount	--	(943,889)
Lease payments during the period / year	(9,150,000)	(6,006,111)
<b>Balance at end of the period / year</b>	<b>134,101,135</b>	<b>68,302,948</b>
Current portion of lease liability on right-of-use assets	10,776,768	5,697,592
Non-current portion of lease liability on right-of-use assets	123,324,367	62,605,356
<b>Lease liability on right-of-use assets</b>	<b>134,101,135</b>	<b>68,302,948</b>

**6. ISLAMIC MURABAHA AND MINISTRY OF FINANCE LOANS**

The Islamic Murabaha and Ministry of Finance loans are as follows:

**Loans from the Ministry of Finance without financial charges**

- 6-1 Loan from the Ministry of Finance under loan contract no. 42 to finance the establishment of an educational compound on 1 March 2009 corresponding to 4 Rabi I 1430H. There is an agreement with the Ministry of Finance to obtain the amount of SR 25,000,000 to finance the project of Tarbyah Namouthajiyah – Al Rawabi District (Previously Al Hadara School in Riyadh). The payment must be on ten annually equal installments. The first installment started after four years from the date of contract. This loan does not carry any finance charges. The last installment has been repaid in the current period. This loan is secured by mortgaging title deed and ownership of real estate including mortgage of the project land and any constructions thereon. The mortgage was released upon full repayment of the loan.
- 6-2 Loan from the Ministry of Finance under loan contract no. 49 to finance the establishment of an educational compound on 5 January 2010 corresponding to 19 Muharram 1431H. There is an agreement with the Ministry of Finance to obtain the amount of SR 25,000,000 to finance the project of Tarbyah Namouthajiyah - Al Nuzha District. The amount has been received in installments amounting to SR 25,000,000 provided that the payment must be in ten annually equal installments. The first installment would start after four years from the date of contract. This loan does not carry any finance interests. Nine installments of SR 22.5 million have been paid. At 30 November 2021, the balance of the loan amounted to SR 2.5 million.

This loan is secured by mortgaging title deed and ownership of real estate for the benefit of the Ministry of Finance. (note 4)

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**6. ISLAMIC MURABAHA AND MINISTRY OF FINANCE LOANS (CONTINUED)**

Movement in loans obtained from the Ministry of Finance during the period / year is as follows:

	<b>30 November 2021</b>	31 August 2021
Balance at beginning of the period / year	<b>7,500,000</b>	12,500,000
Repayments during the period / year	<b>(5,000,000)</b>	(5,000,000)
Balance at end of period / year	<b>2,500,000</b>	7,500,000

Movement in the present value of loans obtained from the Ministry of Finance is as follows:

Total loans at end of the period / year	<b>2,500,000</b>	7,500,000
<u>Less: deferred financial charges</u>		
Balance at beginning of the period / year	<b>(208,725)</b>	(798,521)
Finance costs for the period / year	<b>82,410</b>	589,796
Balance at end of period / year	<b>(126,315)</b>	(208,725)
<b>Present value of loans at end of the period/ year</b>	<b>2,373,685</b>	7,291,275

- 6-3 Deferred revenue "government grants" have been recognized by the difference between the present value of government loans and their nominal value granted by the Ministry of Finance to the Group (notes 6.1 and 6.2).

	<b>30 November 2021</b>	31 August 2021
Balance at beginning of the period / year	<b>208,725</b>	798,521
Amortizations during the period/ year	<b>(82,410)</b>	(589,796)
<b>Deferred revenue of government grants at the end of the period/ year</b>	<b>126,315</b>	208,725
Current portion of deferred revenue of government grants	<b>126,315</b>	208,725
Non-current portion of deferred revenue of government grants	<b>--</b>	--
<b>Deferred revenue of government grants at the end of the period/ year</b>	<b>126,315</b>	208,725

Islamic Murabaha from commercial banks

- 6-4 Murabaha from a commercial bank to finance purchasing a plot in Al-Qairawan District in Riyadh on 7 March 2016 corresponding to 27 Jumada Al Awal 1437H. Murabaha has been obtained in the amount of SR 40,697,967 including returns with the amount of SR 9,721,973 at a profit return rate of 7.5% provided that Murabaha shall be repaid in ten equal semi-annual installments of SR 4,069,797 each. The first installment was repaid on 10 September 2017. Murabaha has been obtained through mortgaging this plot in the name of a subsidiary of the bank as a collateral, and the same shall be released upon settlement of the last installment on 8 September 2023. During this period, the due installments have been postponed as a result of benefiting from the deferred payment program from the Saudi central bank aimed at mitigating the effects of the corona pandemic, and according to the last installment shall be repaid on 8 September 2023.

The balance of Murabaha as at 30 November 2021 was SR 16,279,186.

- 6-5 Murabaha from a commercial bank to finance purchasing a plot in Khobar on 18 May 2017 corresponding to 21 Sha'ban 1438H. Murabaha has been obtained amounting in the amount of SR 16,975,695 including returns with the amount of SR 4,341,174 at a profit return rate of 8.25% to purchase two plots to build schools in Khobar provided that Murabaha shall be repaid in ten equal semi-annual installments of SR 1,626,808 each. The first installment was repaid on 18 November 2018. Murabaha has been obtained through mortgaging this plot in the name of a subsidiary of the aforementioned bank, and the same shall be released upon settlement of the last installment on 18 May 2025. During this period, the due installments have been postponed as a result of benefiting from the deferred payment program from the Saudi central bank aimed at mitigating the effects of the corona pandemic, and according to the last installment shall be repaid on 18 May 2025.

The balance of Murabaha at 30 November 2021 amounted to SR 11,387,656.

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**6. ISLAMIC MURABAHA AND MINISTRY OF FINANCE LOANS (CONTINUED)**

- 6-6 Murabaha from a commercial bank to finance a school complex in Al-Qairawan district in Riyadh and a school complex in Khobar on 15 August 2017 corresponding to 23 Dhul Qi'dah 1438H. The facility agreement has been approved by the General Assembly in its meeting held on 8 January 2018 corresponding to 21 Rabi II 1439H as a facility with a limit of SR 150 million has been obtained for a period of 7 years includes returns at profit return rate at SIBOR +2% provided that the facility shall be repaid in semi-annual installments. The facility has been obtained through mortgaging real estates of the facility in addition to a promissory note with the maximum limit of the amount or outstanding thereof and amerceable bail and performing by the Chairman and the Managing Director at the date of obtaining Murabaha. An amount of SR 1,269,585 has been utilized including returns of SR 360,495. The first installment will be paid on 13 January 2019.

The balance of Murabaha at 30 November 2021 amounted to SR 1,049,954.

Movement in Islamic Murabaha from commercial banks during the period / year is as follows:

	<u>30 November 2021</u>	<u>31 August 2021</u>
Balance at beginning of the period / year	28,716,769	28,833,428
Repayments during the period / year	--	(116,659)
Balance at end of period / year	<u>28,716,769</u>	<u>28,716,769</u>

	<u>30 November 2021</u>	<u>31 August 2021</u>
The present value of Islamic Murabaha granted by commercial banks is as follows:		
Total Murabaha at end of period / year	<u>28,716,769</u>	<u>28,716,769</u>
<u>Less: deferred financial charges</u>		
Balance at beginning of the period / year	(1,058,081)	(2,371,386)
Balance at end of period / year	<u>139,166</u>	<u>1,313,305</u>
Total Murabaha at end of period / year	<u>(918,915)</u>	<u>(1,058,081)</u>
<b>Present value of Islamic Murabaha at end of the period / year</b>	<u><b>27,797,854</b></u>	<u><b>27,658,688</b></u>

- 6-7 The total Islamic Murabaha and Ministry of Finance loans during the period/year are as follows:

	<u>30 November 2021</u>	<u>31 August 2021</u>
Balance at beginning of the period/year	36,216,769	41,333,428
Repayments during the period / year	(5,000,000)	(5,116,659)
<b>Balance at end of the period / year</b>	<u><b>31,216,769</b></u>	<u><b>36,216,769</b></u>
<u>Less: deferred financial charges</u>		
Balance at beginning of the period/year	(1,266,806)	(3,169,907)
Finance costs during the period/ year	221,576	1,903,101
Balance at end of the period / year	<u>(1,045,230)</u>	<u>(1,266,806)</u>
<b>Present value of Islamic Murabaha and Ministry of Finance loans at end of the period/ year</b>	<u><b>30,171,539</b></u>	<u><b>34,949,963</b></u>
Current portion of Islamic Murabaha and Ministry of Finance loans	14,000,211	18,917,801
Non-current portion of Islamic Murabaha and Ministry of Finance loans	16,171,328	16,032,162
<b>Present value of Islamic Murabaha and Ministry of Finance loans at end of the period/ year</b>	<u><b>30,171,539</b></u>	<u><b>34,949,963</b></u>

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**7. ADVANCES FROM ACCOUNTS RECEIVABLE**

Represent tuition fees receives in advance for the educational services for the remaining period of current academic year.

**8. FINANCIAL ASSETS AND LIABILITIES**

**8-1 Financial assets**

	<u>30 November 2021</u>	<u>31 August 2021</u>
<u>Financial assets at amortized cost:</u>		
Accounts receivable	30,570,036	19,373,208
Prepayments and other receivables	30,971,622	34,087,022
Cash and cash equivalents	134,096,588	137,499,269
<b>Total financial assets at amortized cost</b>	<b><u>195,638,246</u></b>	<b><u>190,959,499</u></b>

**8-2 Financial liabilities**

	<u>30 November 2021</u>	<u>31 August 2021</u>
<u>Financial liabilities at amortized cost:</u>		
Islamic Murabaha and Ministry of Finance loans	30,171,539	34,949,963
Accounts payable	1,953,064	164,990
Lease liability on right-of-use assets	134,101,135	68,302,948
Accrued expenses and other payables	10,483,310	7,677,104
<b>Total financial liabilities at amortized cost</b>	<b><u>176,709,048</u></b>	<b><u>111,095,005</u></b>
Current portion of financial liabilities	37,213,353	32,457,487
Non-current portion of financial liabilities	139,495,695	78,637,518
<b>Total financial liabilities</b>	<b><u>176,821,885</u></b>	<b><u>111,095,005</u></b>

Fair values of financial assets and financial liabilities measured at amortized cost are not significantly different from their carrying amounts.

**9. SHARE CAPITAL**

The Company's share capital amounting to SR 430 million (2020: SR 430) divided into 43 million shares (2020: 43 million shares) with a nominal value of SR 10 each.

**10. COMMITMENTS**

	<u>30 November 2021</u>	<u>31 August 2021</u>
Contractual commitments for suppliers	2,373,278	6,565,160
Capital commitments - projects in progress	10,437,037	10,840,740
	<b><u>12,810,315</u></b>	<b><u>17,405,900</u></b>

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**11. RELATED PARTIES**

The Group transacts with related parties in ordinary course of business. These transactions are carried out at mutually agreed terms and are approved by Company's management. Following are the details of significant transactions with related parties:

<u>Name of related parties</u>	<u>Nature of transaction</u>	<u>30 November 2021</u>	<u>31 August 2021</u>
Aja Trading and Contracting Company	Construction contract	<b>66,810</b>	1,058,960
Revan operation and Maintenance Company (*)	Operation And maintenance	--	2,023,652
Specialized Buildings Company	Supervision on projects in progress	--	16,720
Aaj Real Estate Investment Company (*)	Purchase shares of Revan company	--	473,000
Yamami Holding Company (*)	Buildings lease and purchase shares of Revan company	<b>7,950,000</b>	473,000

(\*) During prior year, the Group has acquired 100% of the controlling interests of Revan operation and Maintenance Company's interests and voting rights, which owned by Yamami Holding Company and Aaj Real Estate Investment Company (related parties).

	<u>30 November 2021</u>	<u>31 August 2021</u>
<b>Due to related parties (within accrued expenses and other current liabilities)</b>		
Aja Trading and Contracting Company	<b>171,106</b>	37,507
Specialized Buildings Company	<b>22,604</b>	22,604
	<b><u>193,710</u></b>	<u>60,111</u>

**Key management compensation**

	<u>30 November 2021</u>	<u>30 November 2020</u>
Salaries and other benefits - short term	<b><u>567,485</u></b>	<u>518,475</u>

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the three-month period ended 30 November 2021**  
(Amounts in Saudi Riyals)

**12. SEGMENT REPORTING**

The Group operates in the acquire and management of private schools for public education. Information related to operating segments of the Group mentioned below are regularly submitted to Operating Decision Makers in the Group.

- The Group's activities are related to the following main business segments:

- Al-Rayyan schools
- Al-Raywabi schools
- Al-Nuzha schools
- Qurtubah schools
- Buraidah schools
- Al Khwarizmi Schools
- Al Ghad Schools
- Al Qairwan Schools
- Al Aridh Schools
- Others

**Three-month period ended 30 November 2021**

	Al-Rayyan Schools	Al-Raywabi Schools	Al-Nuzha Schools	Qurtubah schools	Buraidah schools	Khwarizmi Schools	Al Ghad Schools	Qairwan schools	Al Aridh Schools	Others	Projects in progress	Elimination inter-company transactions	Total
Revenues	13,784,117	15,879,449	12,457,000	2,295,693	2,786,614	4,248,640	7,701,690	9,745,115	4,386,631	1,795,848	--	(1,795,848)	73,284,949
Government grants and subsidies	291,805	302,534	338,466	24,300	19,800	10,083	43,300	12,180	49,950	--	--	--	1,092,418
Cost of revenue	(7,925,002)	(9,592,300)	(5,771,119)	(1,374,090)	(2,357,590)	(1,957,832)	(5,265,967)	(4,751,060)	(3,801,890)	(1,643,497)	--	442,583	(43,997,764)
Gross profit	6,150,920	6,589,683	7,024,347	945,903	448,824	2,300,891	2,479,023	5,006,235	634,691	152,351	--	(1,353,265)	30,379,603
Property, plant and equipment	95,748,159	68,071,373	79,601,046	33,114,178	52,382,057	7,668,008	1,364,389	100,041,267	985,867	10,864	89,245,702	--	528,232,910
Depreciation	370,984	388,658	509,128	158,818	345,878	135,555	86,995	401,041	17,630	456	--	--	2,415,143

**Three-month period ended 30 November 2020**

	Al-Rayyan Schools	Al-Raywabi Schools	Al-Nuzha Schools	Qurtubah schools	Buraidah schools	Khwarizmi Schools	Al Ghad Schools	Qairwan schools	Al Aridh Schools	Others	Projects in progress	Total
Revenues	9,574,295	11,622,878	8,771,558	932,147	895,121	2,762,594	5,251,019	2,305,326	--	--	--	42,114,938
Government grants and subsidies	585,539	592,965	643,858	76,982	101,308	135,135	139,798	61,678	--	--	--	2,337,263
Cost of revenue	(6,551,159)	(8,382,410)	(5,049,470)	(967,714)	(1,129,840)	(1,472,200)	(4,999,165)	(1,989,685)	--	--	--	(30,541,643)
Gross profit	3,608,675	3,833,433	4,365,946	41,415	(133,411)	1,423,529	391,652	377,319	--	--	--	13,910,558
Property, plant and equipment	83,194,971	68,035,216	79,623,755	32,673,721	38,022,163	8,047,061	1,713,025	18,342,842	190,489,760	520,142,514	--	--
Depreciation	284,243	371,557	491,311	136,322	214,122	140,779	71,594	125,531	--	--	--	1,835,459

As the Group's activities and the way of its management, it is not practical to distribute the remaining assets and liabilities in accordance with different sectors.

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**12. SEGMENT REPORTING (CONTINUED)**

Reconciliation of information on reportable segments to net income for the Group

	<u>30 November 2021</u>	<u>30 November 2020</u>
Gross profit from sectors	<u>30,379,603</u>	<u>13,910,558</u>
Marketing and advertising expenses	(237,141)	(515,008)
General and administrative expenses	(9,730,593)	(8,106,537)
Other income	173,525	935,345
Finance costs, net	(1,524,599)	(1,611,202)
Total unallocated amount	<u>(11,318,808)</u>	<u>(9,297,402)</u>
Profit before Zakat	<u>19,060,795</u>	<u>4,613,156</u>

**13. FINANCE COSTS, NET**

	<u>30 November 2021</u>	<u>30 November 2020</u>
Finance costs for Islamic Murabaha	123,607	485,568
Finance costs for government grants	82,410	214,280
Interest cost of end of service benefits	355,000	366,000
Interests on liabilities for right-of-use of assets	1,101,251	641,528
Short-term Islamic Murabaha returns	(137,669)	(96,174)
	<u>1,524,599</u>	<u>1,611,202</u>

**14. BASIC AND DILUTED EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing income for the period attributable to the Group's ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is the same as basic earnings per share as the Group has no diluted instruments.

	<u>30 November 2021</u>	<u>30 November 2020</u>
Income for the period	18,103,295	3,788,156
Weighted average number of shares	<u>43,000,000</u>	<u>43,000,000</u>
	<u>0.42</u>	<u>0.09</u>

**15. MATERIAL MATTERS**

The consequences of the novel coronavirus (Covid-19) and its various mutations are still ongoing across the globe including the Kingdom of Saudi Arabia. Since it was first confirmed in early 2020 and until now, several actions were taken and vaccines were developed to mitigate the impacts and reduce the spread of COVID 19. KSA has now reached a high rate of vaccination of population of the globally approved vaccines, which allowed easing of the precautionary measures and return to the face-to-face education for intermediate and secondary educational stages, where the remote education continued in kindergarten and primary stages during the first and second semesters of the current academic year 2021-2022. On the other hand, the Group continuously reviews the operating requirements in light of the relevant changes, decisions, and procedures.

**16. APPROVAL OF FINANCIAL STATEMENTS**

The condensed consolidated interim financial statements were approved for issuance on 3 Jumada II 1443H (corresponding to 6 January 2022).