

**NATIONAL COMPANY FOR LEARNING
AND EDUCATION
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Financial Statements
(Unaudited)
For the three and six-months period ended
At 28 February 2023
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 and six-months period ended
At 28 February 2023

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KPMG Professional Services

Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
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 28 February 2023 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 28 February 2023;
- The condensed consolidated statement of profit or loss for the three-month period and six-month period ended 28 February 2023;
- The condensed consolidated statement of comprehensive income for the three-month period and six-month periods ended 28 February 2023;
- The condensed consolidated statement of changes in shareholders equity for the six-month period ended 28 February 2023;
- The condensed consolidated statement of cash flows for the six-month period ended 28 February 2023; 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 28 February 2023 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 22 Ramadan 1444 H
Corresponding to: 13 April 2023



2023 KPMG professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (40,000,000) 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.

2023 كي بي إم جي للاستشارات المهنية شركة مساهمة مغلقة مسجلة في المملكة العربية السعودية رأس مائها (٤٠.٠٠٠.٠٠٠) ريال سعودي مملوكة بالكامل، المسماة سابقاً "شركة كي بي إم جي للفرزات وشركاء محاسبين ومراجعون كاتلون". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المسجلة والتابعة لشركة كي بي إم جي العالمية المستقلة، شركة انجليزية مسجلة بضمان. جميع الحقوق محفوظة.

NATIONAL COMPANY FOR LEARNING AND EDUCATION
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 28 February 2023
(Amounts in Saudi Riyals)

	Note	28 February 2023 (Unaudited)	31 August 2022 (Audited)
ASSETS			
Non-current assets			
Property and equipment	5	639,099,879	561,406,913
Intangible assets and goodwill		98,107,040	80,067,438
Right-of-use assets	6	141,679,068	126,073,110
Total non-current assets		878,885,987	767,547,461
Current assets			
Inventory		3,556,759	4,157,429
Accounts receivable		44,989,915	22,705,762
Prepayments and other receivables		47,588,867	39,586,754
Cash and cash equivalents		78,984,721	169,685,730
Total current assets		175,120,262	236,135,675
Total assets		1,054,006,249	1,003,683,136
SHAREHOLDERS EQUITY AND LIABILITIES			
Shareholders equity			
Share capital	10	430,000,000	430,000,000
Share premium		100,985,697	100,985,697
Statutory reserve		38,598,251	38,598,251
Retained earnings		84,687,753	80,963,888
Total shareholders equity		654,271,701	650,547,836
Liabilities			
Non-current liabilities			
Non-current portion of Islamic Murabaha and Ministry of Finance loans	7	34,985,995	10,623,548
Employees' benefits		58,300,459	49,414,000
Non-current portion of lease liability on right-of-use assets	6	134,004,440	120,434,226
Total non-current liabilities		227,290,894	180,471,774
Current liabilities			
Current portion of Islamic Murabaha and Ministry of Finance loans	7	22,209,237	11,626,526
Advances from customers	8	115,531,186	131,134,235
Accounts payable		3,372,913	2,194,153
Current portion of lease liability on right-of-use assets	6	11,178,677	11,020,341
Accrued expenses and other payables		16,025,205	13,148,549
Zakat provision		4,126,436	3,539,722
Total current liabilities		172,443,654	172,663,526
Total liabilities		399,734,548	353,135,300
Total shareholders equity and liabilities		1,054,006,249	1,003,683,136

The accompanying notes from (1) through (18) 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 and six-months period ended 28 February 2023

(Amounts in Saudi Riyals)

	<u>Note</u>	<u>For the three-month period ended</u>		<u>For the six-month period ended</u>	
		<u>28 February 2023</u>	<u>28 February 2022</u>	<u>28 February 2023</u>	<u>28 February 2022</u>
Revenue		113,354,185	76,758,714	218,400,293	150,043,663
Government grants and subsidies		3,455,948	532,156	6,507,388	1,624,574
Cost of revenue		(68,298,129)	(47,492,137)	(131,773,677)	(91,489,901)
Gross profit		48,512,004	29,798,733	93,134,004	60,178,336
Marketing and advertising expenses		(362,611)	(145,355)	(899,327)	(382,496)
General and administrative expenses		(16,895,315)	(9,955,785)	(31,372,868)	(19,686,378)
Impairment losses of account receivables		(1,200,000)	--	(3,200,000)	--
Other income		1,072,346	745,453	1,584,008	918,978
Operating profit		31,126,424	20,443,046	59,245,817	41,028,440
Finance cost, net	14	(2,179,343)	(1,509,596)	(2,914,221)	(3,034,195)
Net profit for the period before Zakat		28,947,081	18,933,450	56,331,596	37,994,245
Zakat		(1,572,500)	(727,500)	(3,085,000)	(1,685,000)
Net profit for the period		27,374,581	18,205,950	53,246,596	36,309,245
Earnings per share:					
Basic and diluted earnings per share	15	0.64	0.42	1.24	0.84

The accompanying notes from (1) through (18) 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 and six- months period ended 28 February 2023**

(Amounts in Saudi Riyals)

	For the three-month period ended		For the six-month period ended	
	28 February 2023	28 February 2022	28 February 2023	28 February 2022
Net profit for the period	27,374,581	18,205,950	53,246,596	36,309,245
<u>Other comprehensive income</u>				
<u>Items that will not be reclassified subsequently to profit or loss</u>				
Actuarial gains / (losses) on re-measurement of employees' end of services benefits	(295,947)	80,699	2,077,269	(1,836,813)
Total items that will not be reclassified to profit or loss in subsequent periods	(295,947)	80,699	2,077,269	(1,836,813)
Total other comprehensive income / (loss) for the period	(295,947)	80,699	2,077,269	(1,836,813)
Total comprehensive income for the period	27,078,634	18,286,649	55,323,865	34,472,432

The accompanying notes from (1) through (18) 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 SHAREHOLDERS EQUITY (UNAUDITED)

For the six-months period ended 28 February 2023

(Amounts in Saudi Riyals)

	<u>Share capital</u>	<u>Share premium</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total shareholders equity</u>
Balance as at 1 September 2021 (Audited)	430,000,000	100,985,697	31,493,599	52,519,345	614,998,641
Net profit for the period	--	--	--	36,309,245	36,309,245
Other comprehensive loss for the period	--	--	--	(1,836,813)	(1,836,813)
Total comprehensive income for the period	--	--	--	34,472,432	34,472,432
Dividends (Note 16)				(34,400,000)	(34,400,000)
Balance as at 28 February 2022	<u>430,000,000</u>	<u>100,985,697</u>	<u>31,493,599</u>	<u>52,591,777</u>	<u>615,071,073</u>
Balance as at 1 September 2022 (Audited)	430,000,000	100,985,697	38,598,251	80,963,888	650,547,836
Net profit for the period	--	--	--	53,246,596	53,246,596
Other comprehensive income for the period	--	--	--	2,077,269	2,077,269
Total comprehensive income for the period	--	--	--	55,323,865	55,323,865
Dividends (Not 16)	--	--	--	(51,600,000)	(51,600,000)
Balance as at 28 February 2023	<u>430,000,000</u>	<u>100,985,697</u>	<u>38,598,251</u>	<u>84,687,753</u>	<u>654,271,701</u>

The accompanying notes from (1) through (18) form an integral part of these condensed consolidated interim financial statements





NATIONAL COMPANY FOR LEARNING AND EDUCATION

(A Saudi Joint Stock Company)

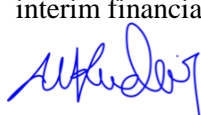
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-months period ended 28 February 2023

(Amounts in Saudi Riyals)

	<u>28 February 2023</u>	<u>28 February 2022</u>
Cash flows from operating activities		
Net profit for the period before Zakat	56,331,596	37,994,245
Adjustments for:		
Depreciation and amortization	16,455,344	12,954,629
Employees' benefits	3,176,432	2,737,748
Realized revenue from government grants	--	(125,395)
Returns on short term Islamic Murabaha	(1,423,805)	(229,253)
Finance costs	4,338,026	3,263,448
Reverse of impairment prepayments and other receivables	--	(578,731)
Impairment losses of account receivables	3,200,000	--
	<u>82,077,593</u>	<u>56,016,691</u>
Changes in operating assets and liabilities		
Accounts receivable	(25,026,066)	(15,502,595)
Inventory	600,670	(1,573,784)
Prepayments and other receivables	(7,178,225)	6,468,329
Accounts payable	931,045	5,627,821
Accrued expenses and other payables	2,184,055	1,756,168
Advances from customers	(21,732,744)	(8,286,969)
Employees' benefits paid	(359,494)	(6,120,668)
Zakat paid	(2,498,286)	(3,380,148)
Net cash flows generated from operating activities	<u>28,998,548</u>	<u>35,004,845</u>
Cash Flows from investing activities		
Purchase of property and equipment and projects in progress	(21,180,333)	(26,168,036)
Purchase of Intangible assets	(320,000)	(606,900)
Net payments for subsidiary's acquisition	(70,793,107)	--
Proceeds from returns on short-term Islamic Murabaha	1,423,805	229,253
Net cash flows used in investing activities	<u>(90,869,635)</u>	<u>(26,545,683)</u>
Cash flows from financing activities		
Proceeds from Islamic Murabaha	40,000,000	--
Repayment of leases liabilities on right-of-use assets	(11,300,000)	(9,150,000)
Repayment of Islamic Murabaha and Ministry of Finance loans	(5,929,922)	(5,116,659)
Dividend paid	(51,600,000)	(34,400,000)
Net cash flows used in financing activities	<u>(28,829,922)</u>	<u>(48,666,659)</u>
Net change in cash and cash equivalents	<u>(90,701,009)</u>	<u>(40,207,497)</u>
Cash and cash equivalents at beginning of the period	169,685,730	137,499,269
Cash and cash equivalents at the end of the period	<u>78,984,721</u>	<u>97,291,772</u>
Non-cash transactions		
Actuarial gains / (losses) from re-measurement of employees' benefits	2,077,269	(1,836,813)
Capitalized returns on projects in progress	--	30,234
Transferred from projects under progress	79,881,460	104,302,640
Transferred from / to accrued expenses and other payables, net	206,040	--
Right-of-use assets	22,703,354	73,846,936
Lease liability on right-of-use assets	22,703,354	73,846,936

The accompanying notes from (1) through (18) 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 six-months period ended 28 February 2023

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.

The Company carries out its business through its branches and its subsidiaries mentioned below:

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/Al Rehab-Buraydah district registered under CR no. 1131300125 dated 16 Ramadan 1440H corresponding to 21 May 2019.

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 International Schools/Telal Al Doha- Dhahran 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.

Branch of Tarbyah Namouthajiyah Schools/ Alaridh district registered under CR no. 1010741207 Safar 1443 H corresponding to 12 September 2021.

Branch of Tarbyah Namouthajiyah Schools/ Alaridh district registered under CR no. 1010738751 dated 24 Muharram 1443 H corresponding to 1 September 2021.

Branch of Tarbyah Namouthajiyah Schools/ Qurtubah district registered under CR no. 1010767932 dated 16 Shaban 1444 H corresponding to 16 March 2023.

Branch of Tarbyah International Schools/Hittin district registered under CR no. 1010870213 dated 24 Shaban 1444H corresponding to 26 October 2020.

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

Branch of Al Khwarizmi Educational Company/ Riyadh registered under CR no. 1010326698 dated 5 Rabi I 1433 H corresponding to 28 January 2012.

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

Branch of Al Ghad National Schools Company/ Riyadh registered under CR no. 1010787113 dated 6 Shaban 1443 H corresponding to 9 Mach 2012.

Branch of Al Ghad National Schools Company/ Riyadh registered under CR no. 1010787114 dated 6 Shaban 1443 H corresponding to 9 Mach 2012.

NATIONAL COMPANY FOR LEARNING AND EDUCATION

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-months period ended 28 February 2023

1. ORGANIZATION AND ACTIVITIES (CONTINUED)

Branch of Al Ghad National Schools Company/ Riyadh registered under CR no. 1010867922 dated 21 Shaban 1444 H corresponding to 13 Mach 2023.

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

Al Salam Education and Training Company registered under CR no. 2051033958 dated 10 Safar 1428H corresponding to 28 February 2007.

Branch of Al Salam Education and Training Company / Al Khobar registered under CR no. 2051234323 dated 6 Rajab 1442 H corresponding to 18 February 2021.

These condensed consolidated interim financial statements include the accounts of the Company and the following subsidiaries in which the Group directly owns 100% of share capital (collectively referred to as the "Group"):

<u>Subsidiary Company</u>	<u>Country of incorporation</u>	<u>Ownership %</u>	
		<u>28 February 2023</u>	<u>31 August 2022</u>
Al Khwarizmi Educational Company	Kingdom of Saudi Arabia	100	100
Al Ghad National Schools Limited Company	Kingdom of Saudi Arabia	100	100
Refan Operation and Maintenance Limited Company	Kingdom of Saudi Arabia	100	100
Al Salam Education and Training Company	Kingdom of Saudi Arabia	100	--

Al-Khwarizmi Educational Company is engaged in the field of education with national curriculum.

Al Ghad National Schools Limited Company is engaged in the field of education with national curriculum.

Refan Operation and Maintenance Limited Company activities are operation and maintenance.

Al Salam Education and Training Company is engaged in the field of education with national curriculum.

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 2022. 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 ("SR"), 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 six-months period ended 28 February 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. 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 shareholders 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 shareholders 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 shareholders 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.

b. 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 six-months period ended 28 February 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. 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.

c. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. 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)

d. 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.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial asset at amortized cost	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.
Debt investments at FVOCI	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.
Equity investments at FVOCI	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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. 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)

d. 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.

e. 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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On 1 December 2022, the Group has acquired 100% controlling interests of Al-Salam Education and Training Company's voting rights (the "subsidiary"). As the Group obtains control over the subsidiary, its financial statements have been consolidated in these condensed consolidated interim financial statements.

Al Salam Education and Training Company is engaged in the field of education with national curriculum.

For the six-months period ended 28 February 2023, Al-Salam Education and Training Company's revenue amounted to SR 7.4 million of the Group's revenue and net profit of SR 491 thousand of the Group's net income. The Group's management estimated that had the acquisition been from 1 September 2022, the Group's revenue and net profit would have been increased by SR 14.9 million and SR 570 thousand, respectively.

The table below summarizes the consideration transferred, the value of the assets acquired and the liabilities assumed at the date of acquisition:

	<u>1 December 2022</u>
Assets	
Property and equipment	64,902,417
Intangible assets	106,667
Account receivable	458,087
Prepayments and other receivables	823,888
Cash and cash equivalents	1,206,893
Total assets	<u>67,497,952</u>
Liabilities	
Employees' benefits	6,803,000
Advances from customers	6,129,695
Accounts payable	247,715
Accrued expenses and other payables	898,641
Total liabilities	<u>14,079,051</u>
Identifiable net assets at acquisition date*	<u>53,418,901</u>
Result of the acquisition	
consideration transferred - cash	72,000,000
Identifiable net assets	(53,418,901)
Goodwill**	18,581,099

* The fair value of identifiable net assets has been measured provisionally until the completion of the independent valuation process.

** The goodwill arising from the acquisition of Al Salam Education and Training Company has been allocated as a cash-generating unit.

The Group has incurred an amount of SR 311 thousand, which represents costs of acquisition process, charged to general and administrative expenses.

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5. PROPERTY AND EQUIPMENT

	Lands (*)	Buildings and improvements on buildings	Furniture and fixtures	Computers and equipment	Motor vehicles	Projects in progress (**)	Total
Cost							
As at 1 September 2021	112,703,675	267,607,246	38,692,892	62,453,452	8,014,886	192,690,876	682,163,027
Additions during the year	--	1,460,088	10,979,569	8,392,029	1,847,222	30,999,383	53,678,291
Transferred from projects under progress	44,587,500	48,345,277	2,890,486	8,479,377	--	(104,302,640)	--
As at 31 August 2022	157,291,175	317,412,611	52,562,947	79,324,858	9,862,108	119,387,619	735,841,318
Additions as a result of acquisition (note 4)	36,802,500	41,870,635	2,323,670	2,759,296	159,965	--	83,916,066
Additions during the period	--	1,395,298	7,099,865	9,552,125	291,955	2,841,090	21,180,333
Transferred from projects under progress	19,750,000	44,645,015	3,486,634	11,999,811	--	(79,881,460)	--
As at 28 February 2023	213,843,675	405,323,559	65,473,116	103,636,090	10,314,028	42,347,249	840,937,717
Accumulated depreciation							
As at 1 September 2021	--	76,418,788	30,325,827	48,786,662	7,861,461	--	163,392,738
Charge for the year	--	4,829,979	2,475,155	3,532,477	204,056	--	11,041,667
As at 31 August 2022	--	81,248,767	32,800,982	52,319,139	8,065,517	--	174,434,405
Additions as a result of acquisition (note 4)	--	14,575,183	1,866,176	2,443,327	128,963	--	19,013,649
Charge for the period	--	3,312,231	2,126,209	2,823,978	127,366	--	8,389,784
As at 28 February 2023	--	99,136,181	36,793,367	57,586,444	8,321,846	--	201,837,838
Net book value							
As at 28 February 2023	213,843,675	306,187,378	28,679,749	46,049,646	1,992,182	42,347,249	639,099,879
As at 31 August 2022	157,291,175	236,163,844	19,761,965	27,005,719	1,796,591	119,387,619	561,406,913

(*) Land item includes the plot of Tarbyah Namouthajiyah Schools/ Al-Qairawan District amounting to SR 44,587,500 as at 28 February 2023 mortgaged to a local bank. and the land shall be released upon the settlement of the last installment on 8 September 2023 (note 7-3).

(**) The projects in progress includes Al Qasr Scheme Project in Khobar, which comprises of two plots with a total amount of SR 18,185,377, mortgaged to a local bank. these lands shall be released upon settlement of the last installment on 18 May 2025 (note 7-4).

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6. RIGHT-OF-USE ASSETS AND LEASE LIABILITY ON RIGHT-OF-USE ASSETS

Right-of-use assets

	28 February 2023	31 August 2022
Balance at the beginning of the period / year	126,073,110	66,034,708
Additions during the period / year	22,703,354	73,846,936
Depreciation for the period / year	(7,097,396)	(13,808,534)
Balance at end of the period / year	141,679,068	126,073,110

Leases liabilities on the right-of-use assets

	28 February 2023	31 August 2022
Balance at the beginning of the period / year	131,454,567	68,302,948
Additions during the period / year	22,703,354	73,846,936
Interest expense on leases liabilities for the period / year	2,325,196	4,404,683
Lease payments during the period / year	(11,300,000)	(15,100,000)
Balance at end of the period / year	145,183,117	131,454,567
Current portion of lease liability on right-of-use assets	11,178,677	11,020,341
Non-current portion of lease liability on right-of-use assets	134,004,440	120,434,226
Lease liability on right-of-use assets	145,183,117	131,454,567

7. 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

- 7-1 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 paid during the year ended 31 August 2022. 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.
- 7-2 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. The last installment has been paid during the year ended 31 August 2022. 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.

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7. ISLAMIC MURABAHA AND MINISTRY OF FINANCE LOANS (CONTINUED)

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

	<u>28 February 2023</u>	<u>31 August 2022</u>
Balance at beginning of the period / year	--	7,500,000
Repayments during the period / year	--	(7,500,000)
Balance at end of period / year	<u>--</u>	<u>--</u>

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

Total loans at end of the period / year	--	--
<u>Less: deferred financial charges</u>		
Balance at beginning of the period / year	--	(208,725)
Finance charges for the period / year	--	208,725
Balance at end of period / year	<u>--</u>	<u>--</u>
Present value of loans at end of the period/ year	<u>--</u>	<u>--</u>

Islamic Murabaha from commercial banks

- 7-3 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 (note 5).

As at 28 February 2023 The balance of Murabaha amounted to SR 8,139,593.

- 7-4 Murabaha from a commercial bank to finance purchasing plots 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 mentioned bank, and the same shall be released upon settlement of the last installment on 18 May 2025 (note 5).

As at 28 February 2023 The balance of Murabaha amounted to SR 8,134,039.

- 7-5 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.

As at 28 February 2023 The balance of Murabaha amounted to SR 583,293.

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7. ISLAMIC MURABAHA AND MINISTRY OF FINANCE LOANS (CONTINUED)

Islamic Murabaha from commercial banks (Continued)

7-6 Murabaha from a commercial bank to finance part of the acquisition of Al-Salam Education and Training Company (the owner of Al-Salam Private Schools in Al-Khobar) on 1 December 2022 corresponding to 7 Jumada I 1444H, Murabaha has been obtained in the amount of SR 47,498,531 including returns with the amount of SR 7,498,531 at a profit return rate of 6.8%, Murabaha shall be paid in ten semi-annual installments, The first installment will be paid on 29 May 2023. Murabaha was obtained by mortgaging a plot of land registered in the name of one of the group's subsidiaries, and mortgage procedures are still under process, in addition to a promissory note.

As at 28 February 2023 The balance of Murabaha amounted to SR 47,498,531.

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

	<u>28 February 2023</u>	<u>31 August 2022</u>
Balance at beginning of the period / year	22,786,847	28,716,769
Additions during the period / year	47,498,531	--
Paid during the period / year	<u>(5,929,922)</u>	<u>(5,929,922)</u>
Balance at end of period / year	<u>64,355,456</u>	<u>22,786,847</u>

The present value of Islamic Murabaha granted by commercial banks is as follows:

	<u>28 February 2023</u>	<u>31 August 2022</u>
Total Islamic Murabaha at end of period / year	<u>64,355,456</u>	<u>22,786,847</u>
<u>Less: deferred finance charges</u>		
Balance at beginning of the period / year	(536,773)	(1,058,081)
Additions during the period / year	(7,498,531)	--
Finance charges during the period/ year	875,080	521,308
Balance at end of the period / year	<u>(7,160,224)</u>	<u>(536,773)</u>
Present value of Islamic Murabaha at end of the period / year	<u>57,195,232</u>	<u>22,250,074</u>

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

	<u>28 February 2023</u>	<u>31 August 2022</u>
Balance at beginning of the period/year	22,786,847	36,216,769
Additions during the period / year	47,498,531	--
Paid during the period / year	<u>(5,929,922)</u>	<u>(13,429,922)</u>
Balance at end of the period / year	<u>64,355,456</u>	<u>22,786,847</u>
<u>Less: deferred finance charges</u>		
Balance at beginning of the period/year	(536,773)	(1,266,806)
Additions during the period / year	(7,498,531)	--
Finance charges during the period/ year	875,080	730,033
Balance at end of the period / year	<u>(7,160,224)</u>	<u>(536,773)</u>
Present value of Islamic Murabaha and Ministry of Finance loans at end of the period/ year	<u>57,195,232</u>	<u>22,250,074</u>
Current portion of Islamic Murabaha and Ministry of Finance loans	22,209,237	11,626,526
Non-current portion of Islamic Murabaha and Ministry of Finance loans	<u>34,985,995</u>	<u>10,623,548</u>
Present value of Islamic Murabaha and Ministry of Finance loans at end of the period/ year	<u>57,195,232</u>	<u>22,250,074</u>

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

9. FINANCIAL ASSETS AND LIABILITIES**9-1 Financial assets**

	<u>28 February 2023</u>	<u>31 August 2022</u>
<u>Financial assets at amortized cost:</u>		
Accounts receivable	44,989,915	22,705,762
Other receivables	3,684,690	4,124,807
Cash and cash equivalents	78,984,721	169,685,730
Total financial assets at amortized cost	127,659,326	196,516,299

9-2 Financial liabilities

	<u>28 February 2023</u>	<u>31 August 2022</u>
<u>Financial liabilities at amortized cost:</u>		
Islamic Murabaha and Ministry of Finance loans	57,195,232	22,250,074
Accounts payable	3,372,913	2,194,153
Lease liability on right-of-use assets	145,183,117	131,454,567
Accrued expenses and other payables	16,025,205	13,148,549
Total financial liabilities at amortized cost	221,776,467	169,047,343
Current portion of financial liabilities	52,786,032	37,989,569
Non-current portion of financial liabilities	168,990,435	131,057,774
Total financial liabilities	221,776,467	169,047,343

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

10. SHARE CAPITAL

The Company's share capital amounting to SR 430 million (2022: SR 430) divided into 43 million shares (2022: 43 million shares) with a nominal value of SR 10 each.

11. COMMITMENTS

	<u>28 February 2023</u>	<u>31 August 2022</u>
Contractual commitments for suppliers	10,500,832	12,307,280
Capital commitments - projects in progress*	2,339,417	6,462,490
	12,840,249	18,769,770

* Capital commitments are related Telal Al-Doha schools project in Dhahran to complete the work of the educational complex.

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12. RELATED PARTIES

In the ordinary course of its business, the Group deals with the shareholders of the Group, the affiliates companies owned by the shareholders and the key management personnel. Following are the details of major transactions with related parties for the period / year:

<u>Name of related parties</u>	<u>Nature of transaction</u>	<u>28 February 2023</u>	<u>31 August 2022</u>
Yamami Holding Company (affiliate)	Building lease	7,950,000	7,950,000
Specialized Buildings Company (affiliate)	Supervision on projects in progress	--	74,690
Aja Trading and Contracting Company (affiliate)	Construction contract	--	66,810
		<u>28 February 2023</u>	<u>31 August 2022</u>
Due to related parties (within accrued expenses and other payable)			
Specialized Buildings Company		--	60,738
		--	60,738
Key management compensations			
		<u>28 February 2023</u>	<u>28 February 2022</u>
Salaries and other short-term benefits		1,778,000	1,410,485
End of service benefits		118,090	252,906
		<u>1,896,090</u>	<u>1,663,391</u>
Board of Directors' remuneration and related benefits			
		<u>28 February 2023</u>	<u>28 February 2022</u>
Board of directors' remunerations and benefits		583,505	443,465
		<u>583,505</u>	<u>443,465</u>

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13. 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-Rayan schools
- Al-Rawabi schools
- Al-Nuzha schools
- Qurtubah schools
- Buraidah schools
- Al Khwarizmi national Schools
- Al Ghad national Schools
- Al Qairwan Schools
- Al Aridh Schools
- Dhahran schools
- Al Salam national Schools
- Others

Six-months period ended 28 February 2023

	Al												Elimination inter-company transactions	Total	
	Al-Rayan Schools	Al-Rawabi Schools	Al-Nuzha Schools	Qurtubah schools	Buraidah schools	Khwarizmi national Schools	Al Ghad national Schools	Al Qairwan schools	Al Aridh Schools	Dhahran schools	Al Salam national Schools	Others			Projects in progress
Revenues	35,944,970	36,950,828	33,330,516	8,764,685	11,291,284	9,216,908	17,057,919	33,078,050	21,257,295	4,096,329	7,411,509	3,651,220	--	(3,651,220)	218,400,293
Government grants and subsidies	1,097,312	669,996	682,702	494,531	552,152	135,809	434,809	1,123,452	984,127	154,548	177,950	--	--	--	6,507,388
Cost of revenue	(21,516,841)	(20,729,235)	(17,576,257)	(5,685,813)	(8,256,629)	(4,098,639)	(11,721,948)	(16,166,200)	(14,662,646)	(3,373,605)	(5,559,733)	(3,378,954)	--	952,823	(131,773,677)
Gross profit	15,525,441	16,891,589	16,436,961	3,573,403	3,586,807	5,254,078	5,770,780	18,035,302	7,578,776	877,272	2,029,726	272,266	--	(2,698,397)	93,134,004
Property and equipment	98,498,061	68,766,483	78,909,733	33,517,639	52,329,475	7,124,091	1,637,336	140,375,148	5,817,823	45,092,903	64,675,347	8,591	42,347,249	--	639,099,879
Depreciation	1,306,511	1,070,638	1,408,250	410,950	856,126	238,868	209,416	1,724,685	456,414	476,450	230,571	905	--	--	8,389,784

Six-months period ended 28 February 2022

	Al												Elimination inter-company transactions	Total	
	Al-Rayan Schools	Al-Rawabi Schools	Al-Nuzha Schools	Qurtubah schools	Buraidah schools	Khwarizmi national Schools	Al Ghad national Schools	Al Qairwan schools	Al Aridh Schools	Others	Projects in progress	Projects in progress			Projects in progress
Revenues	28,086,467	32,035,336	25,524,163	4,889,595	5,718,734	8,559,401	15,568,102	20,033,035	9,628,830	3,644,682	--	--	--	(3,644,682)	150,043,663
Government grants and subsidies	413,066	409,835	439,715	47,063	40,426	136,247	66,092	17,180	54,950	--	--	--	--	--	1,624,574
Cost of revenue	(16,573,156)	(19,134,255)	(12,436,279)	(3,021,233)	(4,839,799)	(3,940,998)	(10,647,016)	(10,022,739)	(8,443,780)	(3,337,041)	--	--	--	906,395	(91,489,901)
Gross profit	11,926,377	13,310,916	13,527,599	1,915,425	919,361	4,754,650	4,987,178	10,027,476	1,240,000	307,641	--	--	--	(2,738,287)	60,178,336
Property and equipment	95,777,194	67,836,640	79,817,348	32,964,696	52,580,244	7,550,631	1,590,649	102,867,015	3,401,295	10,408	95,352,482	--	--	--	539,748,602
Depreciation	801,160	784,370	1,072,616	322,065	724,955	267,484	180,750	938,351	127,294	912	--	--	--	--	5,219,957

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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13. SEGMENT REPORTING (CONTINUED)Reconciliation of information on reportable segments to net profit for the Group

	<u>28 February 2023</u>	<u>28 February 2022</u>
Gross profit from sectors	93,134,004	60,178,336
Marketing and advertising expenses	(899,327)	(382,496)
General and administrative expenses	(31,372,868)	(19,686,378)
Impairment losses of account receivables	(3,200,000)	--
Other income	1,584,008	918,978
Finance costs, net	(2,914,221)	(3,034,195)
Total unallocated amount	(36,802,408)	(22,184,091)
Net profit for the period before Zakat	<u>56,331,596</u>	<u>37,994,245</u>

14. FINANCE COSTS, NET

	<u>28 February 2023</u>	<u>28 February 2022</u>
Interests on lease liabilities	2,325,196	2,186,719
Interest cost of end of service benefits	1,137,750	703,750
Finance costs for Islamic Murabaha and Ministry of Finance loans	875,080	372,979
Returns on short term Islamic Murabaha	(1,423,805)	(229,253)
	<u>2,914,221</u>	<u>3,034,195</u>

15. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit 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>28 February 2023</u>	<u>28 February 2022</u>
Net profit for the period	53,246,596	36,309,245
Weighted average number of shares	43,000,000	43,000,000
	<u>1.24</u>	<u>0.84</u>

16. DIVIDENDS

The Ordinary General Assembly held on 28 December 2022 approved the distribution of dividends to shareholders amounting to SR 51.6 million at SR 1.2 per share (2021: SR 34.4 million at SR 0.80 per share).

17. SUBSEQUENT EVENTS

The Group's management believes that there are no significant subsequent events since the end of the period that may require disclosure or amendment of those condensed consolidated interim financial statements.

18. APPROVAL OF FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved for issuance on 19 Ramadan 1444H (corresponding to 10 April 2023).