

**NATIONAL COMPANY FOR LEARNING  
AND EDUCATION**

(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Financial Statements**  
(Unaudited)

**For three and nine-months period ended  
31 May 2024**

**And the independent auditor's review report**

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
For the three and nine-months period ended 31 May 2024

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<b><u>Index</u></b>	<b><u>Page</u></b>
Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Statements	1
Interim Condensed Consolidated Statement of Financial Position	2
Interim Condensed Consolidated Statement of Profit or Loss	3
Interim Condensed Consolidated Statement of Comprehensive Income	4
Interim Condensed Consolidated Statement of Changes in Equity	5
Interim Condensed Consolidated Statement of Cash Flows	6
Notes to The Interim Condensed Consolidated Financial Statements	7- 22

**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

To the shareholders of  
**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
Riyadh - Kingdom of Saudi Arabia

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of (National Company for Learning and Education "the Company") and its subsidiaries (together "the Group"), as of 31 May 2024 G and the related interim condensed consolidated statements of profit or loss, comprehensive income for the three and nine month periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine month period then ended, and significant accounting policies and other explanatory information.

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

**Scope of Review**

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

**Conclusion**

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

**For Dr. Mohamed Al-Amri & Co.**

Gihad Mohamed Al-Amri  
Certified Public Accountant  
License No. (362)



Riyadh on: 3 July 2024G  
Corresponding to: 27 Dhul Hijah 1445H

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
(Amounts in Saudi Riyals)

	Note	As of 31 May 2024 (Unaudited)	As of 31 August 2023 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	794,155,916	696,556,652
Advance payments to suppliers		9,900,957	21,398,686
Intangible assets and goodwill		90,261,699	91,642,475
Right-of-use assets	5	267,092,576	287,947,376
<b>Total non-current assets</b>		<b>1,161,411,148</b>	<b>1,097,545,189</b>
<b>Current assets</b>			
Inventory		2,679,873	2,147,336
Accounts receivable		45,940,344	22,200,577
Prepayments and other receivables		45,946,796	43,207,599
Cash and cash equivalents		17,606,544	168,699,723
<b>Total current assets</b>		<b>112,173,557</b>	<b>236,255,235</b>
<b>Total assets</b>		<b>1,273,584,705</b>	<b>1,333,800,424</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	430,000,000	430,000,000
Share premium		100,985,697	100,985,697
Statutory reserve		48,776,703	48,776,703
Retained earnings		155,492,405	124,959,603
<b>Total equity</b>		<b>735,254,805</b>	<b>704,722,003</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current portion of Islamic Murabaha	6	18,181,156	29,406,179
Employees' benefits		62,947,000	59,018,000
Non-current portion of lease liability on right-of-use assets	5	263,989,885	270,021,165
<b>Total non-current liabilities</b>		<b>345,118,041</b>	<b>358,445,344</b>
<b>Current liabilities</b>			
Current portion of Islamic Murabaha	6	13,029,230	17,649,048
Advances from customers	7	125,603,349	216,908,226
Accounts payable		9,692,482	3,846,520
Current portion of lease liability on right-of-use assets	5	20,648,100	12,489,902
Accrued expenses and other payables		19,789,796	15,525,492
Zakat provision		4,448,902	4,213,889
<b>Total current liabilities</b>		<b>193,211,859</b>	<b>270,633,077</b>
<b>Total liabilities</b>		<b>538,329,900</b>	<b>629,078,421</b>
<b>Total equity and liabilities</b>		<b>1,273,584,705</b>	<b>1,333,800,424</b>

The accompanying notes from (1) through (17) form an integral part of these interim condensed consolidated financial statements

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

(Amounts in Saudi Riyals)

	Note	For the three-month period ended		For the nine-month period ended	
		31 May 2024 (Unaudited)	31 May 2023 (Unaudited)	31 May 2024 (Unaudited)	31 May 2023 (Unaudited)
Revenue		141,845,720	113,801,594	423,577,579	332,201,887
Government grants and subsidies		3,541,256	3,899,938	11,243,778	10,407,326
Cost of revenue		(82,510,268)	(67,910,110)	(249,583,120)	(199,683,787)
<b>Gross profit</b>		<b>62,876,708</b>	49,791,422	<b>185,238,237</b>	142,925,426
Marketing and advertising expenses		(162,530)	(335,465)	(655,808)	(1,234,792)
General and administrative expenses		(22,537,840)	(18,389,518)	(66,796,661)	(49,762,386)
Expected credit losses		-	-	(3,450,000)	(3,200,000)
Other income		605,516	619,221	2,904,328	2,203,229
<b>Operating profit</b>		<b>40,781,854</b>	31,685,660	<b>117,240,096</b>	90,931,477
Finance cost and returns, net	13	(5,363,974)	(3,162,482)	(14,089,951)	(6,076,703)
<b>Net profit for the period before Zakat</b>		<b>35,417,880</b>	28,523,178	<b>103,150,145</b>	84,854,774
Zakat expense		(620,000)	(905,000)	(3,300,000)	(3,990,000)
<b>Net profit for the period</b>		<b>34,797,880</b>	27,618,178	<b>99,850,145</b>	80,864,774
<b>Earnings per share:</b>					
Basic and diluted earnings per share	14	<b>0.81</b>	0.64	<b>2.32</b>	1.88

The accompanying notes from (1) through (17) form an integral part of these interim condensed consolidated financial statements

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHANSIVE INCOME**

(Amounts in Saudi Riyals)

	For the three-month period ended		For the nine-month period ended	
	31 May 2024 (Unaudited)	31 May 2023 (Unaudited)	31 May 2024 (Unaudited)	31 May 2023 (Unaudited)
<b>Net profit for the period</b>	<b>34,797,880</b>	27,618,178	<b>99,850,145</b>	80,864,774
<b><u>Other comprehensive income</u></b>				
<b><u>Items that will not be reclassified subsequently to profit or loss</u></b>				
Actuarial gains / (losses) on re-measurement of employees' benefits	<b>362,890</b>	(455,425)	<b>1,632,657</b>	1,621,844
<b>Total items that will not be reclassified to profit or loss in subsequent periods</b>	<b>362,890</b>	(455,425)	<b>1,632,657</b>	1,621,844
Total other comprehensive income / (other comprehensive loss) for the period	<b>362,890</b>	(455,425)	<b>1,632,657</b>	1,621,844
<b>Total comprehensive income for the period</b>	<b>35,160,770</b>	27,162,753	<b>101,482,802</b>	82,486,618

The accompanying notes from (1) through (17) form an integral part of these interim condensed consolidated financial statements



**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
(Amounts in Saudi Riyals)

	<u>Share Capital</u>	<u>Share Premium</u>	<u>Statutory Reserve</u>	<u>Retained Earnings</u>	<u>Total Equity</u>
<b>Balance as at 31 August 2022 (Audited)</b>	<b>430,000,000</b>	<b>100,985,697</b>	<b>38,598,251</b>	80,963,888	650,547,836
Net profit for the period	-	-	-	80,864,774	80,864,774
Other comprehensive income for the period	-	-	-	1,621,844	1,621,844
<b>Total comprehensive income for the period</b>	-	-	-	82,486,618	82,486,618
Dividends (Note 15)	-	-	-	(51,600,000)	(51,600,000)
<b>Balance as at 31 May 2023 (Unaudited)</b>	<u>430,000,000</u>	<u>100,985,697</u>	<u>38,598,251</u>	<u>111,850,506</u>	<u>681,434,454</u>
<b>Balance as at 31 August 2023 (Audited)</b>	<b>430,000,000</b>	<b>100,985,697</b>	<b>48,776,703</b>	<b>124,959,603</b>	<b>704,722,003</b>
Net profit for the period	-	-	-	99,850,145	99,850,145
Other comprehensive income for the period	-	-	-	1,632,657	1,632,657
<b>Total comprehensive income for the period</b>	-	-	-	101,482,802	101,482,802
Dividends (Note 15)	-	-	-	(70,950,000)	(70,950,000)
<b>Balance as at 31 May 2024 (Unaudited)</b>	<u>430,000,000</u>	<u>100,985,697</u>	<u>48,776,703</u>	<u>155,492,405</u>	<u>735,254,805</u>

The accompanying notes from (1) through (17) form an integral part of these interim condensed consolidated financial statements

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

(Amounts in Saudi Riyals)

	<b>For the nine-month period ended</b>	
	<b>31 May 2024</b>	<b>31 May 2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from operating activities</b>		
Net profit for the period before Zakat	103,150,145	84,854,774
<b>Adjustments for:</b>		
Depreciation and amortization	40,587,582	25,466,011
Employees' benefits	5,574,833	4,926,383
Returns on short term Islamic Murabaha	(1,602,424)	(1,680,514)
Finance costs	15,692,375	7,757,217
Expected credit losses	3,450,000	3,200,000
	<u>166,852,511</u>	<u>124,523,871</u>
<b>Changes in operating assets and liabilities</b>		
Accounts receivable	(27,189,767)	(20,316,416)
Inventory	(532,537)	1,834,587
Prepayments and other receivables	8,758,532	(26,303,840)
Accounts payable	5,845,962	(380,023)
Accrued expenses and other payables	4,264,304	1,383,583
Advances from customers	(91,304,877)	(37,315,084)
<b>Cash from operations</b>	<u>66,694,128</u>	<u>43,426,678</u>
Employees' benefits paid	(2,304,426)	(887,455)
Zakat paid	(3,064,987)	(2,498,286)
<b>Net cash flows generated from operating activities</b>	<u>61,324,715</u>	<u>40,040,937</u>
<b>Cash Flows from investing activities</b>		
Purchase of property and equipment and projects in progress	(115,482,770)	(41,225,355)
Purchase of intangible assets	(468,500)	(420,000)
Net payments to acquire a subsidiary	-	(70,793,107)
Proceeds from returns on short term Islamic Murabaha	1,602,424	1,680,514
<b>Net cash flows used in investing activities</b>	<u>(114,348,846)</u>	<u>(110,757,948)</u>
<b>Cash flows from financing activities</b>		
Proceeds from Islamic Murabaha	-	40,000,000
Repayment of Islamic Murabaha	(17,649,048)	(17,502,618)
Repayment of leases liabilities	(9,470,000)	(12,800,000)
Dividends paid	(70,950,000)	(51,600,000)
<b>Net cash flows used in financing activities</b>	<u>(98,069,048)</u>	<u>(41,902,618)</u>
<b>Net change in cash and cash equivalents</b>	<u>(151,093,179)</u>	<u>(112,619,629)</u>
Cash and cash equivalents at beginning of the period	<u>168,699,723</u>	<u>169,685,730</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>17,606,544</u>	<u>57,066,101</u>
<b>Non-cash transactions during the period</b>		
Actuarial gains from re-measurement of employees' benefits	1,632,657	1,621,844
Transferred from projects under progress	29,500,782	79,881,460
Transferred to accrued expenses and other payables, net	-	206,040
Right-of-use assets	-	71,982,640
Lease liability on right-of-use assets	-	71,982,640

The accompanying notes from (1) through (17) form an integral part of these interim condensed consolidated financial statements



# NATIONAL COMPANY FOR LEARNING AND EDUCATION

(A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 31 May 2024

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### 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 it's 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 Hijah 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 Namouthajiyah 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. 1010867932 dated 16 Shaban 1444 H corresponding to 8 March 2023.

Branch of Tarbyah International Schools/ Alaridh district registered under CR no. 1010877645 dated 10 Shawal 1444 H corresponding to 30 April 2023.

Branch of National Company for Learning and Education / Al-Rayan district registered under CR no. 1010887743 dated 3 Dhul Qaida 1444 H corresponding to 23 May 2023.

Branch of National Company for Learning and Education / Al-Nuzha district registered under CR no. 1010966895 dated 15 Jumada II 1445 H corresponding to 28 December 2023.

Branch of National Company for Learning and Education / Al- Qairwan district registered under CR no. 1010973671 dated 5 Rajab 1445 H corresponding to 17 January 2024.

Branch of National Company for Learning and Education / Al Narjis district registered under CR no. 1009034276 dated 7 Dhul Qaida 1445 H corresponding to 15 May 2024.

Branch of Tarbyah International Schools/ Hatten district registered under CR no. 1010870213 dated 24 Shaban 1444 H corresponding to 16 March 2023.

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 2022.

# NATIONAL COMPANY FOR LEARNING AND EDUCATION

(A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 31 May 2024

### 1. ORGANIZATION AND ACTIVITIES (CONTINUED)

Branch of Al Ghad National Schools Company/ Riyadh registered under CR no. 1010787114 dated 6 Shaban 1443 H corresponding to 9 Mach 2022.

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.

Branch of Refan Operation and Maintenance Company registered under CR no. 1010876752 dated 7 Shawal 1444H corresponding to 27 April 2023.

Branch of Refan Operation and Maintenance Company registered under CR no. 1010953249 dated 5 Jumada I 1445H corresponding to 19 November 2023.

Al Salam Education and Training Company registered under CR no. 2051033985 dated 10 Safar 1428H corresponding to 28 February 2007.

These interim condensed consolidated 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>31 May 2024</u>	<u>31 August 2023</u>
Al Khwarizmi Educational Company	Kingdom of Saudi Arabia	100	100
Al Ghad National Schools Limited Company	Kingdom of Saudi Arabia	100	100
Revan Operation and Maintenance Limited Company	Kingdom of Saudi Arabia	100	100
Al Salam Education and Training Company	Kingdom of Saudi Arabia	100	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.

Revan 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 interim condensed consolidated 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 interim condensed consolidated financial statements should be read in conjunction with the Group’s financial statements for the year ended 31 August 2023. These interim condensed consolidated 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. The interim period is an integral part of the full fiscal year, however, the results of operations for the interim periods may not be indicative of the results of operations for the full year.

#### Basis of measurement

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

#### Functional and presentation currency

These interim condensed consolidated 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**  
**For the nine-month period ended 31 May 2024**

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**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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 31 May 2024

### 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 interim condensed consolidated 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 interim condensed consolidated 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.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)**

**For the nine-month period ended 31 May 2024**

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**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.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**  
**For the nine-month period ended 31 May 2024**

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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.

<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.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**  
**For the nine-month period ended 31 May 2024**

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**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.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**  
**For the nine-month period ended 31 May 2024**

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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 interim condensed consolidated 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.



**NATIONAL COMPANY FOR LEARNING AND EDUCATION**

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**For the nine-month period ended 31 May 2024**

(Amounts in Saudi Riyals)

**4. PROPERTY AND EQUIPMENT**

	<b>Lands (*)</b>	<b>Buildings and improvements on buildings</b>	<b>Furniture and fixtures</b>	<b>Computers and equipment</b>	<b>Motor vehicles</b>	<b>Projects in progress (**)</b>	<b>Total</b>
<b><u>Cost</u></b>							
As at 1 September 2022	157,291,175	317,412,611	52,562,947	79,324,858	9,862,108	119,387,619	735,841,318
Additions during the year	39,722,635	47,105,803	13,727,087	19,244,790	4,622,320	47,117,666	171,540,301
Disposals during the year	-	-	(136,532)	(296,928)	(1,822,899)	-	(2,256,359)
Transfers	19,750,000	44,645,015	3,486,634	11,999,811	-	(79,881,460)	-
<b>As at 31 August 2023</b>	<b>216,763,810</b>	<b>409,163,429</b>	<b>69,640,136</b>	<b>110,272,531</b>	<b>12,661,529</b>	<b>86,623,825</b>	<b>905,125,260</b>
Additions during the period	-	2,383,644	9,616,696	15,455,534	298,651	87,728,245	115,482,770
Disposals during the period	-	-	-	4,450	-	-	4,450
Transfers	-	21,981,287	4,761,786	2,757,709	-	(29,500,782)	-
<b>As at 31 May 2024</b>	<b>216,763,810</b>	<b>433,528,360</b>	<b>84,018,618</b>	<b>128,490,224</b>	<b>12,960,180</b>	<b>144,851,288</b>	<b>1,020,612,480</b>
<b><u>Accumulated depreciation</u></b>							
As at 1 September 2022	-	81,248,767	32,800,982	52,319,139	8,065,517	-	174,434,405
Charge for the year	-	21,473,102	6,090,319	8,387,854	439,287	-	36,390,562
Disposals during the year	-	-	(136,532)	(296,928)	(1,822,899)	-	(2,256,359)
<b>As at 31 August 2023</b>	<b>-</b>	<b>102,721,869</b>	<b>38,754,769</b>	<b>60,410,065</b>	<b>6,681,905</b>	<b>-</b>	<b>208,568,608</b>
Charge for the period	-	5,988,850	5,151,282	6,221,033	522,341	-	17,883,506
Disposals during the period	-	-	-	4,450	-	-	4,450
<b>As at 31 May 2024</b>	<b>-</b>	<b>108,710,719</b>	<b>43,906,051</b>	<b>66,635,548</b>	<b>7,204,246</b>	<b>-</b>	<b>226,456,564</b>
<b><u>Net book value</u></b>							
<b>As at 31 May 2024</b>	<b>216,763,810</b>	<b>324,817,641</b>	<b>40,112,567</b>	<b>61,854,676</b>	<b>5,755,934</b>	<b>144,851,288</b>	<b>794,155,916</b>
<b>As at 31 August 2023</b>	<b>216,763,810</b>	<b>306,441,560</b>	<b>30,885,367</b>	<b>49,862,466</b>	<b>5,979,624</b>	<b>86,623,825</b>	<b>696,556,652</b>

(\*) Land item includes the plot of Tarbyah Namouthajiyah Schools/ Al-Qairawan District amounting to SR 44,587,500 as at 31 May 2024 mortgaged to a local bank, during the period , the last installment has been paid and the company is still in the process of finalizing the mortgage release procedures (Note 6-1). In addition the land of Al-Salam national Schools / Al-Khobar City amounting to 36,802,500 as at 31 May 2024 is mortgaged to a local bank and the land shall be released upon the settlement of the last installment on 29 November 2027 (Note 6-4).

(\*\*) 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 as at 31 May 2024, mortgaged to a local bank. these lands shall be released upon settlement of the last installment on 18 May 2025 (Note 6-2).

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**  
**For the nine-month period ended 31 May 2024**  
(Amounts in Saudi Riyals)

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

**Right-of-use assets**

	<u>31 May 2024</u>	<u>31 August 2023</u>
Balance at the beginning of the period / year	287,947,376	126,073,110
Additions during the period / year	-	177,554,540
Depreciation for the period / year	<u>(20,854,800)</u>	<u>(15,680,274)</u>
<b>Balance at end of the period / year</b>	<b><u>267,092,576</u></b>	<b><u>287,947,376</u></b>

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

	<u>31 May 2024</u>	<u>31 August 2023</u>
Balance at the beginning of the period / year	282,511,067	131,454,567
Additions during the period / year	-	177,554,540
Interest expense on leases liabilities for the period / year	11,596,918	6,671,960
Payments during the period / year	<u>(9,470,000)</u>	<u>(33,170,000)</u>
<b>Balance at end of the period / year</b>	<b><u>284,637,985</u></b>	<b><u>282,511,067</u></b>
Current portion of lease liability on right-of-use assets	20,648,100	12,489,902
Non-current portion of lease liability on right-of-use assets	263,989,885	270,021,165
<b>Lease liability on right-of-use assets</b>	<b><u>284,637,985</u></b>	<b><u>282,511,067</u></b>

**6. ISLAMIC MURABAHA**

**Islamic Murabaha from commercial banks**

- 6-1 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, During the period, the last installment has been paid and the company is still in the process of finalizing the mortgage release procedures (Note 4).
- 6-2 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 4).

As of 31 May 2024, the balance of Murabaha amounted to SR 3,253,616.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)****For the nine-month period ended 31 May 2024**

(Amounts in Saudi Riyals)

**6. ISLAMIC MURABAHA (CONTINUED)**Islamic Murabaha from commercial banks (Continued)

- 6-3 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. All remaining installments have been paid early on 23 March 2023.
- 6-4 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 Al-Awwal 1444H, where a Murabaha was obtained in the amount of 47,491,058 Saudi riyals, including returns of 7,491,058 riyals Saudi with a profit rate of 6.8%, provided that the Murabaha is paid in ten semi-annual installments, and the first installment payment begins on 29 May 2023. The Murabaha was obtained by mortgaging a plot of land registered in the name of one of the group's subsidiaries, in addition to a promissory note for the value of the total facilities on the date of obtaining the Murabaha (Note 4).

As of 31 May 2024, the balance of Murabaha amounted to SR 31,827,733.

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

	<u>31 May 2024</u>	<u>31 August 2023</u>
Balance at beginning of the period / year	52,730,397	22,786,847
Additions during the period / year	-	47,491,058
Paid during the period / year	(17,649,048)	(17,502,618)
Early repayment discount	-	(44,890)
Balance at end of period / year	<u>35,081,349</u>	<u>52,730,397</u>

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

	<u>31 May 2024</u>	<u>31 August 2023</u>
Total Islamic Murabaha at end of period / year	<u>35,081,349</u>	<u>52,730,397</u>
<u>Less: deferred finance charges</u>		
Balance at beginning of the period / year	(5,675,170)	(536,773)
Additions during the period / year	-	(7,491,058)
Finance charges during the period/ year	1,804,207	2,352,661
Balance at end of the period / year	<u>(3,870,963)</u>	<u>(5,675,170)</u>
<b>Present value of Islamic Murabaha at end of the period/year</b>	<u>31,210,386</u>	47,055,227
Current portion of Islamic Murabaha	<u>13,029,230</u>	17,649,048
Non-current portion of Islamic Murabaha	<u>18,181,156</u>	29,406,179
<b>Present value of Islamic Murabaha at end of the period/ year</b>	<u>31,210,386</u>	47,055,227

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(UNAUDITED)****For the nine-month period ended 31 May 2024**

(Amounts in Saudi Riyals)

**7. ADVANCES FROM CUSTOMERS**

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

**8. FINANCIAL ASSETS AND LIABILITIES****8-1 Financial assets**

	<u>31 May 2024</u>	<u>31 August 2023</u>
<u>Financial assets at amortized cost:</u>		
Accounts receivable	45,940,344	22,200,577
Assets in other debit balances	3,525,121	5,737,240
Cash and cash equivalents	17,606,544	168,699,723
<b>Total financial assets at amortized cost</b>	<b>67,072,009</b>	<b>196,637,540</b>

**8-2 Financial liabilities**

	<u>31 May 2024</u>	<u>31 August 2023</u>
<u>Financial liabilities at amortized cost:</u>		
Islamic Murabaha	31,210,386	47,055,227
Accounts payable	9,692,482	3,846,520
Lease liability on right-of-use assets	284,637,985	282,511,067
Accrued expenses and other payables	19,789,796	15,525,492
<b>Total financial liabilities at amortized cost</b>	<b>345,330,649</b>	<b>348,938,306</b>
Current portion of financial liabilities	63,159,608	49,510,962
Non-current portion of financial liabilities	282,171,041	299,427,344
<b>Total financial liabilities</b>	<b>345,330,649</b>	<b>348,938,306</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 (2023: SR 430) divided into 43 million shares (2023: 43 million shares) with a nominal value of SR 10 each.

**10. COMMITMENTS**

	<u>31 May 2024</u>	<u>31 August 2023</u>
Contractual commitments for suppliers	27,157,266	15,195,826
Capital commitments - projects in progress*	17,107,843	88,716,258
	<b>44,265,109</b>	<b>103,912,084</b>

\* Capital commitments relate to the projects under construction of the group's complex projects in Hetteen, Al-Narjis and Qurtubah for the completion of construction works of the educational complexes.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(UNAUDITED)****For the nine-month period ended 31 May 2024**

(Amounts in Saudi Riyals)

**11. 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:

<b><u>Name of related parties</u></b>	<b><u>Nature of transaction</u></b>	<b><u>31 May 2024</u></b>	<b><u>31 May 2023</u></b>
Yamami Holding Company (affiliate)	Building lease	<b>7,950,000</b>	7,950,000
Al-Yamamah Private University Company Limited (affiliate)	Theaters rental	<b>445,000</b>	-

**Key management compensations**

	<b><u>31 May 2024</u></b>	<b><u>31 May 2023</u></b>
Salaries and other short-term benefits	<b>3,768,325</b>	2,686,000
End of service benefits charged for the period	<b>407,197</b>	219,787
	<b><u>4,175,522</u></b>	<b><u>2,905,787</u></b>

**Board of Directors' remuneration and related benefits**

	<b><u>31 May 2024</u></b>	<b><u>31 May 2023</u></b>
Board of directors' remunerations and benefits	<b>1,393,955</b>	1,212,175
	<b><u>1,393,955</u></b>	<b><u>1,212,175</u></b>

## NATIONAL COMPANY FOR LEARNING AND EDUCATION

(A Saudi Joint Stock Company)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 31 May 2024

(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:

- Tarbyah Namouthajiyah Schools - Al-Rayan
- Tarbyah Namouthajiyah Schools - Al-Rawabi
- Tarbyah Namouthajiyah Schools - Al-Nuzha
- Tarbyah Namouthajiyah Schools - Qurtubah
- Tarbyah Namouthajiyah Schools - Buraidah
- Al-Khwarizmi national schools
- Al-Ghad national schools – King Abdullah
- Tarbyah Namouthajiyah Schools - Al-Qairwan
- Tarbyah Namouthajiyah Schools -Al-Aridh
- Tarbyah Namouthajiyah International Schools Dhahran
- Al-Salam national schools
- Tarbyah Namouthajiyah International Schools - Al-Aridh
- Al-Ghad national schools - Al-Qairwan
- Others

### Nine-months period ended 31 May 2024

	TNS Al-Rayan schools	TNS Al- Rawabi schools	TNS Al-Nuzha schools	TNS Qurtubah schools	TNS Buraidah schools	Al- Khwarizmi national schools	Al-Ghad national schools – King Abdullah	TNS Al- Qairwan schools	TNS Al-Aridh national schools	TNIS Dhahran schools	Al-Salam national schools	TNIS Al-Aridh schools	Al-Ghad national schools - Al- Qairwan	Others	Projects in progress	Elimination inter- company transactions	Total
Revenues	65,525,189	61,454,265	58,666,713	18,070,582	22,349,561	13,946,318	26,278,821	61,093,876	35,245,574	15,349,912	22,517,459	17,032,394	6,046,915	5,912,368	-	(5,912,368)	423,577,579
Government grants and subsidies	1,559,500	948,000	1,264,400	655,100	1,434,323	-	661,400	1,726,000	1,398,600	478,832	391,623	471,500	254,500	-	-	-	11,243,778
Cost of revenue	(37,683,912)	(32,229,413)	(28,944,260)	(9,775,058)	(16,138,994)	(6,260,957)	(17,823,841)	(29,050,670)	(20,661,264)	(8,787,427)	(15,110,992)	(14,856,781)	(8,280,252)	(5,430,956)	-	1,451,657	(249,583,120)
Gross profit	29,400,777	30,172,852	30,986,853	8,950,624	7,644,890	7,685,361	9,116,380	33,769,206	15,982,910	7,041,317	7,798,090	2,647,113	(1,978,837)	481,412	-	(4,460,711)	185,238,237
Property and equipment	101,954,551	70,071,576	78,430,277	35,443,066	52,081,724	6,885,691	1,329,530	140,611,169	6,784,403	69,939,485	64,460,498	9,606,785	6,380,298	5,325,575	144,851,288	-	794,155,916
Depreciation	2,668,170	1,761,368	2,116,700	929,349	1,664,148	398,998	291,284	3,037,726	818,328	1,517,390	757,064	1,295,457	582,898	44,626	-	-	17,883,506

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**For the nine-month period ended 31 May 2024**

(Amounts in Saudi Riyals)

**12. SEGMENT REPORTING (CONTINUED)**

Nine-months period ended 31 May 2023

	TNS Al-Rayan schools	TNS Al-Rawabi schools	TNS Al-Nuzha schools	TNS Qurtubah schools	TNS Buraidah schools	Al- Khwarizmi national schools	Al-Ghad national schools – King Abdullah	TNS Al-Qairwan schools	TNS Al-Aridh national schools	TNIS Dhahran schools	Al-Salam national schools	Others	Projects in progress	Elimination inter- company transactions	Total
Revenues	54,121,605	55,777,010	49,915,228	13,243,832	16,998,333	13,846,164	25,534,844	49,668,192	32,045,608	6,259,282	14,791,789	5,612,419	-	(5,612,419)	332,201,887
Government grants and subsidies	1,668,411	993,096	1,049,902	793,131	978,312	135,809	689,010	1,802,932	1,601,127	362,896	332,700	-	-	-	10,407,326
Cost of revenue	(32,215,350)	(30,967,800)	(26,082,687)	(8,439,188)	(12,550,577)	(6,209,451)	(17,410,244)	(24,300,371)	(22,024,454)	(5,007,121)	(10,748,850)	(5,179,072)	-	1,451,378	(199,683,787)
Gross profit	<u>23,574,666</u>	<u>25,802,306</u>	<u>24,882,443</u>	<u>5,597,775</u>	<u>5,426,068</u>	<u>7,772,522</u>	<u>8,813,610</u>	<u>27,170,753</u>	<u>11,622,281</u>	<u>1,615,057</u>	<u>4,375,639</u>	<u>433,347</u>	<u>-</u>	<u>(4,161,041)</u>	<u>142,925,426</u>
Property and equipment	98,224,301	68,318,728	78,456,403	33,356,807	52,243,587	6,998,909	1,581,598	139,614,409	6,831,934	44,914,924	64,498,294	8,167	59,713,417	-	654,761,478
Depreciation	<u>1,979,366</u>	<u>1,617,078</u>	<u>2,079,156</u>	<u>621,125</u>	<u>1,297,869</u>	<u>364,419</u>	<u>314,237</u>	<u>2,599,356</u>	<u>709,072</u>	<u>729,761</u>	<u>460,439</u>	<u>1,329</u>	<u>-</u>	<u>-</u>	<u>12,773,207</u>

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.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)****For the nine-month period ended 31 May 2024**

(Amounts in Saudi Riyals)

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

	<u>31 May 2024</u>	<u>31 May 2023</u>
Gross profit from sectors	<b>185,238,237</b>	142,925,426
Marketing and advertising expenses	<b>(655,808)</b>	(1,234,792)
General and administrative expenses	<b>(66,796,661)</b>	(49,762,386)
Expected credit losses	<b>(3,450,000)</b>	(3,200,000)
Other income	<b>2,904,328</b>	2,203,229
Finance costs and returns, net	<b>(14,089,951)</b>	(6,076,703)
Total unallocated amount	<b>(82,088,092)</b>	(58,070,652)
Net profit for the period before Zakat	<b>103,150,145</b>	84,854,774

**13. FINANCE COSTS AND RETURNS, NET**

	<u>31 May 2024</u>	<u>31 May 2023</u>
Interests on lease liabilities	<b>11,596,918</b>	4,356,050
Interest cost of employee's benefits	<b>2,291,250</b>	1,761,500
Finance costs for Islamic Murabaha	<b>1,804,207</b>	1,639,667
Short term Islamic Murabaha returns	<b>(1,602,424)</b>	(1,680,514)
	<b>14,089,951</b>	6,076,703

**14. 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>31 May 2024</u>	<u>31 May 2023</u>
Net profit for the period	<b>99,850,145</b>	80,864,774
Weighted average number of shares	<b>43,000,000</b>	43,000,000
	<b>2.32</b>	1.88

**15. DIVIDENDS**

During the financial period ending on 31 May 2024, the Ordinary General Assembly, held on 27 December 2023 approved the distribution of dividends to shareholders amounting to 70,950,000 Saudi riyals at 1.65 riyals per share.

During the financial period ending on 31 May 2023, the Ordinary General Assembly, held on 28 December 2022 approved the distribution of dividends to shareholders amounting to 51.6 million Saudi riyals at 1.2 riyals per share.

**16. SIGNIFICANT EVENTS**

The group's board of directors has raised recommendations for the extraordinary general assembly to vote on changing some of the articles of the company's bylaws that were previously announced, including changing the company's fiscal year-end to July 31 of each year instead of August 31, in addition to transferring the balance of the statutory reserve to retained earnings.

**17. APPROVAL OF FINANCIAL STATEMENTS**

The interim condensed consolidated financial statements were approved for issuance on 27 Dhul Hijah 1445 H (corresponding to 3 July 2024 G).