National Company for Learning and Education

(A Saudi Joint Stock Company)

Consolidated Financial Statements
For the period from 1 September 2023 to 31 July 2024
and the Independent Auditor's Report

National Company for Learning and Education
(A Saudi Joint Stock Company)

Consolidated Financial Statements
For the period from 1 September 2023 to 31 July 2024

الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.
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Independent Auditor's Report

To the shareholders of National Company for Learning and Education
(A Saudi Joint Stock Company)
Riyadh - Kingdom of Saudi Arabia

Opinion

We have audited the consolidated financial statements of **National Company for Learning and Education (A Saudi Joint Stock Company)** "The Company" and its subsidiaries (Together the Group"), which comprise the consolidated statement of financial position as at 31 July 2024, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of equity, and consolidated statement of cash flows for the period from 1 September 2023 to 31 July 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 July 2024, and its consolidated financial performance and its consolidated cash flows for the period from 1 September 2023 to 31 July 2024 , in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards) endorsed in the Kingdom of Saudi Arabia (the "code") that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note (1) in the notes accompanying the consolidated financial statements, which describes the Company changed its fiscal year to start on the first of August and end by the end of July of each year. Accordingly, the company's financial statements were prepared for the period from 1 September 2023 to 31 July 2024 (eleven month), with comparative figures for the year ending 31 August 2023 (twelve month). Our opinion on this matter has not been modified.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent auditor's report on the audit of the consolidated financial statements of National Company For Learning and Education for the period ended 31 July 2024 (continued)

Key Audit Matters (continued)

Key Audit Matters	**How our audit addressed the key audit matter**
Revenue Recognition from Education Service	
During the period ended 31 July 2024, the group's revenue from educational services amounted to 557 million Saudi riyals. Revenues were recognized when rendering educational services to students enrolled in schools and are stated net after deductions and exemptions in accordance with the requirements of International Financial Reporting Standard No. 15 Revenues from Contracts with Customers. Revenue recognition was considered a key audit matter, given that revenue is one of the core performance indicators which includes an inherent risk that revenue may be potentially overstated. Please refer to the significant accounting policies contained in Note No. (4-n) to view the policy related to revenue recognition, Note No. (22) regarding revenues and Note No. (33) regarding the segment reporting detailing revenues.	We implemented the following procedures to audit the educational services revenue: - Evaluating the Group's policy in recognizing revenue in accordance with the requirements of International Financial Reporting Standard (15) "Revenue from Contracts with Customers". - Evaluate the design and implementation of relevant internal control systems related to oversight of revenue recognition. - Testing samples of recorded revenue transactions and comparing them with supporting documents to verify the existence and accuracy of recorded revenues. - Conducting analytical tests that include recalculating the total tuition revenues, based on the number of students and the approved tuition fees for each stage. We also obtained explanations for significant changes (if any). - Evaluating the appropriateness of the disclosures included in the attached consolidated financial statements.
Impairment of Goodwill	
Assessing the impairment in the value of goodwill is one of the key audit matters due to the significance of the balance in addition to the important judgments exercised by management. The consolidated financial statements included goodwill worth 82.8 million Saudi riyals as of 31 July 2024, and the main assumptions are related to the future cash flows of the core business in addition to the discount rates applied to derive the net present values associated with them. The possibility of impairment in the value of goodwill is tested annually. Please refer to Note No (5b) related to significant accounting estimates, the significant accounting policies contained in No. (4-h-2) to view the policy related to impairment in the value of goodwill and Note No. (8) to view more details related to goodwill.	We obtained all impairment tests provided by management, and we performed the following tests: - We have ensured that the calculations for recoverable amounts are based on the latest business plans. The management also follows a clearly documented mechanism to estimate future cash flows in the years from 2025 to 2029. The five-year work plan used to determine the recoverable amounts is approved by one of the committees of the Board of Directors. - We have assessed the reasonableness of the business plan by comparing implied growth rates with market and analyst forecasts. - We have assessed the extent to which management reflected the result of comparing budgeted versus actual numbers in its current assessment and the extent to which it adjusted the actual revenue growth rates and operating margins in the current period's model. - We have compared model inputs, such as weighted average cost of capital, long-term growth rate and other assumptions, to observable market data. - We conducted a sensitivity analysis of the key assumptions to ascertain the extent of change in those assumptions that would be required to calculate the impairment of goodwill. - Evaluated the appropriateness of the disclosures included in the attached consolidated financial statements.

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Independent auditor's report on the audit of the consolidated financial statements of the National Education and Education Company for the period ended 31 July 2024 (continued)

Measurement of expected credit losses	
As of 31 July 2024, the total amount of receivables amounted to 75 million Saudi riyals and the balance of expected credit losses amounted to 25.9 million Saudi riyals. The Company's management applied a simplified expected credit loss model to determine expected credit losses in receivables balances in accordance with the requirements of International Financial Reporting Standard No. (9) Financial Instruments. Given that the expected credit loss model is based on significant estimates and assumptions, we considered the calculation of the expected credit losses in accounts receivable balances in light of IFRS 9 requirements as one of the key audit matters. Please refer to Note No. (5c) regarding accounting estimates, (4f) regarding the accounting policy related to measuring expected credit losses, Note No. (11) regarding receivables, and Note No. (31b) regarding credit risks.	Our audit procedures related to expected credit losses in receivables balances included the following: - Evaluating the appropriateness of accounting policies related to credit losses in receivables balances, as well as evaluating the extent of compliance with the requirements of applicable accounting standards. - Obtain an understanding of the procedure for determining credit losses in the value of receivables. - Evaluating the accuracy and classification of receivables in the receivable aging report by matching a sample of receivable aging items with invoices and supporting documents. - Evaluating the significant assumptions and estimates used by management, including those related to future economic events used in calculating the probability of default and expected loss at default and testing the mathematical accuracy of the expected credit loss model. - We involved specialized experts in reviewing the calculation models for expected credit losses. - Evaluating the appropriateness of the disclosures included in the attached consolidated financial statements.

Other Information

Other information consists of the information included in the Group's annual report for the period ended 31 July 2024, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact, we have nothing to report on this matter.

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Independent auditor's report on the audit of the consolidated financial statements of National Company For Learning and Education for the period ended 31 July 2024 (continued)

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA and Regulations for Companies and Company's Bylaws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, i.e., the Bord of Directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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Independent auditor's report on the audit of the consolidated financial statements of National Company For Learning and Education for the period ended 31 July 2024 (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
License No. 362

د. محمد العمري وشركاه - محاسبون قانونيون
س. ت : ١٠١٠٤٣٣٩٨٢
Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

Riyadh, on: 28 Rabi Al-Akhar 1446H
Corresponding to 31 October 2024G

NATIONAL COMPANY FOR LEARNING AND EDUCATION
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 July 2024
(Amounts in Saudi Riyals)

	Notes	31 July 2024	31 August 2023
Assets			
Non-current assets			
Property and equipment	7	**797,008,548**	696,556,652
Advance payments to suppliers	12	**13,131,372**	21,398,686
Intangible assets and goodwill	8	**90,014,624**	91,642,475
Right-of-use assets	9	**264,871,862**	287,947,376
Total non-current assets		**1,165,026,406**	1,097,545,189
Current assets			
Inventory	10	**2,789,766**	2,147,336
Accounts receivable	11	**49,518,640**	22,200,577
Prepayments and other receivables	12	**45,806,348**	43,207,599
Cash and cash equivalents	13	**36,344,216**	168,699,723
Total current assets		**134,458,970**	236,255,235
Total assets		**1,299,485,376**	1,333,800,424
Equity and liabilities			
Equity			
Share capital	19	**430,000,000**	430,000,000
Share premium	20	**100,985,697**	100,985,697
Statutory reserve	21	**-**	48,776,703
Retained earnings		**262,336,838**	124,959,603
Total equity		**793,322,535**	704,722,003
Liabilities			
Non-current liabilities			
Non-current portion of Islamic Murabaha	14	**18,510,541**	29,406,179
Employees’ benefits	18	**62,426,000**	59,018,000
Non-current portion of lease liability on right-of-use assets	9	**261,357,358**	270,021,165
Total non-current liabilities		**342,293,899**	358,445,344
Current liabilities			
Current portion of Islamic Murabaha	14	**13,029,230**	17,649,048
Advances from customers	15	**80,172,244**	216,908,226
Accounts payable		**13,647,179**	3,846,520
Current portion of lease liability on right-of-use assets	9	**21,237,983**	12,489,902
Accrued expenses and other payables	16	**29,198,302**	15,525,492
Zakat Provision	17	**6,584,004**	4,213,889
Total current liabilities		**163,868,942**	270,633,077
Total liabilities		**506,162,841**	629,078,421
Total equity and liabilities		**1,299,485,376**	1,333,800,424

The accompanying notes from (1) through (36) form an integral part of these consolidated financial statements

NATIONAL COMPANY FOR LEARNING AND EDUCATION
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the period from 1 September 2023 to 31 July 2024
(Amounts in Saudi Riyals)

	Notes	For the period ended 31 July 2024	For the year ended 31 August 2023
Revenue	22	**565,470,136**	446,493,133
Government grants and subsidies	23	**13,463,034**	15,466,227
Cost of revenue	24	**(297,701,751)**	(266,046,412)
Gross profit		**281,231,419**	195,912,948
Marketing and advertising expenses		**(7,238,205)**	(8,864,142)
General and administrative expenses	25	**(89,298,950)**	(71,100,755)
Expected credit loss, net	11	**(6,950,000)**	(4,200,000)
Other income	26	**2,973,521**	2,439,202
Operating profit		**180,717,785**	114,187,253
Finance costs and returns, net	27	**(17,450,384)**	(9,207,217)
Income for the period / year before Zakat		**163,267,401**	104,980,036
Zakat expense	17	**(5,435,102)**	(3,195,512)
Net profit for the period / year		**157,832,299**	101,784,524
Earnings per share:			
Basic and diluted earnings per share	28	**3.67**	2.37

The accompanying notes (1) through (36) form an integral part of these consolidated financial statements

NATIONAL COMPANY FOR LEARNING AND EDUCATION
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period from 1 September 2023 to 31 July 2024
(Amounts in Saudi Riyals)

	Notes	For the period ended 31 July 2024	For the year ended 31 August 2023
Net profit for the period / year		**157,832,299**	101,784,524
Items that will not be reclassified subsequently to profit or loss			
Actuarial from re-measurement of employees' benefits	18	**1,718,233**	3,989,643
Total items that will not be reclassified subsequently to profit or loss		**1,718,233**	3,989,643
Total items of other comprehensive income for the period / year		**1,718,233**	3,989,643
Total comprehensive income for the period / year		**159,550,532**	105,774,167

The accompanying notes from (1) through (36) form an integral part of these consolidated financial statements

NATIONAL COMPANY FOR LEARNING AND EDUCATION
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period from 1 September 2023 to 31 July 2024
(Amounts in Saudi Riyals)

	Share capital	Share premium	Statutory reserve	Retained earnings	Total owners' equity
Balance as at 1 September 2022	430,000,000	100,985,697	38,598,251	80,963,888	650,547,836
Net profit for the year	-	-	-	101,784,524	101,784,524
Other comprehensive income for the year	-	-	-	3,989,643	3,989,643
Total comprehensive income for the year	-	-	-	105,774,167	105,774,167
Transferred to statutory reserve	-	-	10,178,452	(10,178,452)	-
Dividends - (note 34)	-	-	-	(51,600,000)	(51,600,000)
Balance as at 31 August 2023	430,000,000	100,985,697	48,776,703	124,959,603	704,722,003
Balance as at 1 September 2023	**430,000,000**	**100,985,697**	**48,776,703**	**124,959,603**	**704,722,003**
Net profit for the period	**-**	**-**	**-**	**157,832,299**	**157,832,299**
Other comprehensive income for the period	**-**	**-**	**-**	**1,718,233**	**1,718,233**
Total comprehensive income for the period	**-**	**-**	**-**	**159,550,532**	**159,550,532**
Transferred to statutory reserve - (note 21)	**-**	**-**	**(48,776,703)**	**48,776,703**	**-**
Dividends - (note 34)	**-**	**-**	**-**	**(70,950,000)**	**(70,950,000)**
Balance as at 31 July 2024	**430,000,000**	**100,985,697**	**-**	**262,336,838**	**793,322,535**

The accompanying notes from (1) through (36) form an integral part of these consolidated financial statements

NATIONAL COMPANY FOR LEARNING AND EDUCATION
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the period from 1 September 2023 to 31 July 2024
(Amounts in Saudi Arabian Riyals)

	Notes	For the period ended 31 July 2024	For the year ended 31 August 2023
Cash flows from operating activities			
Profit for the period / year before Zakat		**163,267,401**	104,980,036
Adjustments for:			
Expected credit loss	11	**6,950,000**	4,200,000
Impairment for other receivable balances	12	**-**	475,412
Impairment for inventory	10	**408,592**	-
Depreciation and amortization	7,8,9	**49,600,379**	35,304,103
Gains from selling property and equipment		**-**	(156,522)
Employees' benefits	18	**6,555,083**	6,049,690
Finance costs	27	**19,052,808**	11,165,981
Return on short-term Islamic Murabaha	27	**(1,602,424)**	(1,958,764)
		244,231,839	160,059,936
Changes in operating assets and liabilities			
Accounts receivable	11	**(34,268,063)**	(3,236,728)
Inventory	10	**(1,051,022)**	2,010,093
Prepayments and other receivables	12	**5,668,565**	(24,671,055)
Accounts payable	16	**9,800,659**	1,404,652
Accrued expenses and other payables	15	**13,672,810**	1,684,342
Advances from customers		**(136,735,982)**	79,644,296
Cash flows generated from operating activities		**101,318,806**	216,895,536
Zakat paid	17	**(3,064,987)**	(2,521,345)
Employees' benefits paid	18	**(4,102,767)**	(1,651,337)
Net cash flows generated from operating activities		**94,151,052**	212,722,854
Cash flows from investing activities			
Purchase of property and equipment and projects in progress	7	**(122,246,435)**	(82,218,422)
Purchase of intangible assets	8	**(638,500)**	(540,000)
Net payments for the acquisition of subsidiary company	6	**-**	(70,793,107)
Proceeds from return on short-term Islamic Murabaha	27	**1,602,424**	1,958,764
Proceeds from selling property and equipment		**-**	156,522
Net cash flows used in investing activities		**(121,282,511)**	(151,436,243)
Cash flow from financing activities			
Proceeds of Islamic Murabaha	14	**-**	40,000,000
Repayment of Islamic Murabaha	14	**(17,649,048)**	(17,502,618)
Dividends paid	34	**(70,950,000)**	(51,600,000)
Repayment of lease liabilities	9	**(16,625,000)**	(33,170,000)
Net cash flows used in financing activities		**(105,224,048)**	(62,272,618)
Net change in cash and cash equivalents		**(132,355,507)**	(986,007)
Cash and cash equivalents at beginning of the period / year		**168,699,723**	169,685,730
Cash and cash equivalents at end of the period / year	13	**36,344,216**	168,699,723
Non-cash transactions			
Actuarial gains on re-measurement of employees' benefits		**1,718,233**	3,989,643
Transferred from project in progress to property and equipment		**29,500,782**	79,881,460
Right-of-use assets		**2,463,975**	177,554,540
Lease liability on right-of-use assets		**2,463,975**	177,554,540
Transferred from accrued expenses and other payables		**-**	206,040

The accompanying notes from (1) through (36) form an integral part of these consolidated financial statements

1. COMPANY INFORMATION

National Company for Learning and Education ("the Company"), a saudi joint stock company registered under Commercial Registration ("CR") Number 1010178851 issued in Riyadh dated 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-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/Al-Qairwan district registered under CR no. 1010644469 dated 1 Dhul Hijah 1441H corresponding to 22 July 2020.
Branch of Tarbyah Namouthajiyah Schools/ Al-Aridh district registered under CR no. 1010741207 5 Safar 1443H corresponding to 12 September 2021.
Branch of Tarbyah Namouthajiyah Schools/ Al-Aridh district registered under CR no. 1010738751 dated 24 Muharram1443H corresponding to 1 September 2021.
Branch of Tarbyah Namouthajiyah Schools/ Qurtubah district registered under CR no. 1010867932 dated 16 Shaban 1444H corresponding to 8 March 2023.
Branch of Tarbyah Namouthajiyah Schools/ Al-Nuzha district registered under CR no. 1010966895 dated 15 Jumada II 1445H corresponding to 28 December 2023.
Branch of Tarbyah Namouthajiyah Schools/Al- Narjis district registered under CR no. 1009034276 dated 7 Dhul Qaida 1445H corresponding to 15 May 2024.
Branch of Tarbyah Namouthajiyah Schools/Al- Narjis district registered under CR no. 1009072079 dated 3 Muharram 1446H corresponding to 9 July 2024.
Branch of Tarbyah International Namouthajiyah Schools/Telal Al Doha - Al-Dhahran district registered under CR no. 2050138947 dated 9 Rabi I 1442H corresponding to 26 October 2020.
Branch of Tarbyah International Schools/ Al-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 International Schools/Al-Aridh district registered under CR no. 1010877645 dated 10 Shawal 1444H corresponding to 30 April 2023.
Branch of Tarbyah International Schools/Al-Qairwan district registered under CR no. 1010973671 dated 5 Rajab 1445H corresponding to 17 January 2024.
Branch of National Schools for Education / Hetteen district registered under CR no. 1010870213 dated 24 Shaban 1444H corresponding to 16 March 2023.

1. CORPORATE INFORMATION (CONTINUED)

Branch of Tarbyah Sports/ Al-Rayan district registered under CR no. 1010664733 dated 10 Rabi I 1442H corresponding to 27 October 2020.
Branch of Tarbyah Sports / Al-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 National Company for Learning and Education registered under CR no. 1010887743 dated 3 Dhul Qaida 1444H corresponding to 23 May 2023.
Branch of National Company for Learning and Education registered under CR no. 1009071966 dated 11 Muharram 1446H corresponding to 17 July 2024.
Al Khwarizmi Educational Company registered under CR no. 1010290982 dated 18 Rajab 1431H corresponding to 30 June 2010.
Branch of Al Khwarizmi Educational Company registered under CR no. 1010326698 dated 5 Rabi I 1433H 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 registered under CR no. 1010787113 dated 6 Shaban 1443H corresponding to 9 Mach 2022.
Branch of Al Ghad National Schools Company registered under CR no. 1010787114 dated 6 Shaban 1443H corresponding to 9 Mach 2022.
Branch of Al Ghad National Schools Company registered under CR no. 1010867922 dated 21 Shaban 1444H 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.

On 4 July 2024, the extraordinary general assembly approved changing the company's financial year to start on the first of August and end by the end of July every year. The legal procedures were completed in this regard. Accordingly, the company’s financial statements were prepared for the period from 1 September 2023 to 31 July 2024, after which each fiscal year becomes twelve months. Accordingly, the amounts presented in the consolidated financial statements are not entirely comparable.

1. CORPORATE INFORMATION (CONTINUED)

These 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"):

		Shareholding (%)	
Subsidiaries	**Country of incorporation**	**31 July 2024**	31 August 2023
Al Khwarizmi Educational Company	Kingdom of Saudi Arabia	**100**	100
Al Ghad National Schools Company	Kingdom of Saudi Arabia	**100**	100
Refan Operation and Maintenance Company	Kingdom of Saudi Arabia	**100**	100
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 Company is engaged in the field of education with national curriculum.

Refan Operation and Maintenance Company s' 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
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

The accounting policies have been consistently applied to all periods presented in these consolidated financial statements.

Basis of measurement
The consolidated financial statements have been prepared on a historical cost basis, except for employees' benefits obligations which are measured using the projected credit unit method, the accrual basis of accounting and the going concern concept.

Functional and presentation currency
These consolidated financial statements are presented in Saudi Riyals, which is the functional currency of the Group.

3. NEW STANDARDS AND AMMENDMENT ISSUED

3-1 New and amended standards and interpretations are effective

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022.

Amendments to IFRS 3, IAS 16, IAS 37
- IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations
- IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in the statement of profit or loss.
- IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

The adoption of the above amendments does not have any material impact on the consolidated financial statements during the period.

3. NEW STANDARDS AND AMMENDMENT ISSUED (CONTINUED)

The following are the new and amended International Financial Reporting Standards that are effective for annual periods starting on or after January 1, 2024, and their implementation did not have any significant effect on the disclosures, or the amounts presented in these consolidated financial statements.

Standard	Description	Date of Implementation
Supplier Finance Arrangements (Amendment to International Accounting Standard 7 and International Financial Reporting Standard 7)	The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on the characteristics of supplier finance arrangements.	1 January 2024
Lease Liabilities in Sale and Leaseback Transactions (Amendment to International Financial Reporting Standard 16)	The amendment clarifies how the seller-lessee subsequently measures sale and leaseback transactions that meet the conditions in International Financial Reporting Standard 15 to be accounted for as a sale.	1 January 2024
Classification of Liabilities as Current or Non-current (Amendment to International Accounting Standard 1)	The amendments aim to enhance consistency in applying the requirements by assisting companies in determining whether to classify debts and other liabilities with an uncertain repayment date as current (due or likely to be due within one year) or non-current in the statement of financial position.	1 January 2024
Non-current Liabilities with Covenants (Amendment to International Accounting Standard 1)	The amendment clarifies how the conditions that the entity must comply with within twelve months after the reporting period affect the classification of the obligation.	1 January 2024
Non-convertibility (Amendment to International Accounting Standard 21)	The amendments provide requirements for assessing when a currency is convertible to another currency and when it is not. The amendments require the entity to estimate the spot exchange rate when it concludes that the currency is not convertible to another currency.	1 January 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION

a) Basis of consolidation

1- Business combination

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

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

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

2- Subsidiaries

Subsidiaries are entities which are 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 that control commences until the date that control ceases.

3- Non-controlling interest (“NCI”)

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

4- Loss of control

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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

- 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 economic best 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 asset in its highest and best use.

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 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 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks in current accounts and Murabaha facilities with original maturity of less than three months from the date of acquisition. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

b) Inventory

Inventory comprise of books, office tools and school uniform, and are recorded at the lower of cost or net realizable value. Net realizable value is the difference between estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Cost is determined using the weighted average method.

The Group recognizes, (where necessary), impairment of carrying value at the difference between carrying value and net realizable value for slow-moving and obsolete inventory with the cost of revenues in the consolidated statement of profit or loss**.**

c) Government grant

Government grants are recognized where there is reasonable assurance that the grant will be received and all related conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods which the group intends to offset the costs that are recognized as expenses.

Where the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives non-monetary grants, the asset and the grant are recorded in aggregate at nominal value and transferred to the consolidated statement of profit or loss over the expected useful life of the asset, based on the consumption pattern of the benefits of the underlying asset at equal annual installments. When similar assistances are granted by governments or related institutions with a return rate below the prevailing return rate, the effect of this favorable return is considered as a government grant.

4. MATERIAL ACCOUNTING POLICY INFORMATION (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 (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

f) Financial instruments

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.

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

Disposal

Financial assets
A financial asset (or part of a group of similar financial assets) is mainly derecognized (i.e. excluded from the Group's consolidated statement of financial position) 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) 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 derecognize 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 consolidated statement of profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

f) Financial instruments (CONTINUED)

Impairment of financial asset

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

Loss provisions are measured on the bases of 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 provisions at an amount equal to expected credit losses over the life of the financial instrument.

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 impairments (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

For accounts 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 accounts receivables, if any, are presented in the consolidated statement of profit or loss under a separate item.

g) Property and equipment

Property and equipment are measured at cost, less accumulated depreciation and any impairment. Cost comprises cost of equipment and materials including freight, insurance, and expenditures from contractors for installment and construction works in addition to capitalized finance costs (if any).

When significant parts of property and equipment items have different useful lives, they are accounted for as separate items of property and equipment.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

g) Property and equipment (CONTINUED)

Depreciation of property and equipment is charged to the consolidated statement of profit or loss using straight-line method over the estimated useful life for each item in accordance with the annual estimated useful lives as follows:

Category of assets	Useful lives
Buildings	66 or lease term which lower
Improvements on buildings	10 or lease term which lower
Furniture & fixture	10
Computers and equipment	4-25
Motor vehicles	10

Depreciation methods, rates and residual values are reviewed annually and are adjusted if the current method and the estimated useful life or the residual value are different than those estimated previously. The effect of such changes is recognized in the consolidated statement of profit or loss prospectively.

Major renovations and improvements are capitalized if they increase the productivity or the operating useful life of the assets. Minor repairs and improvements are charged as expenses when incurred. Gains or losses resulting from disposal of assets (represent the difference between sale proceeds and the carrying amount of assets) are recognized in the consolidated statement of profit or loss.

Capital work in progress is stated at cost until the completion of construction or installation, thereupon the cost of these assets and the costs directly attributable to construction or installation, including capitalized borrowing costs, are transferred to the respective class of assets. Capital work in progress is not depreciated.

h) Intangible assets and goodwill

Acquired assets are measured individually at cost on initial recognition. Subsequent to initial recognition, intangible assets are recorded at cost less accumulated amortization and any impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and are recognized in the consolidated statement of profit or loss in the period in which the expenditure is incurred.

1) **Computer Software**
Software licenses purchased from other parties are initially recorded at cost. These are amortized using the straight-line method over their estimated useful life of five years.

2) **Goodwill**
Goodwill is the amount that results when the fair value of consideration transferred for an acquired business exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. Upon business combination for the Group, acquisition method is used. Goodwill is allocated, as of the date of the business combination, to cash generating units that are expected to benefit from the business combination. Each cash generating unit represents the lowest level at which goodwill is monitored for internal management purposes and it is never larger than an operating segment.

3) **Students list**
Students list that the Group obtains from the acquisition of subsidiaries and has a finite useful life is measured at cost less accumulated amortization and any accumulated impairment losses.

Amortization is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives of 6-7 year and is recognized in consolidated profit or loses.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for specific consideration. To assess whether a contract conveys the right to control the use of an identified asset,

As a lessee

At the commencement date, the Group shall assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group shall assess whether, throughout the period of use, the customer has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset, and
(b) the right to direct the use of the identified asset.

The Group recognize a right-of-use asset at the commencement date (i.e. the date on which the underlying asset is available for use) and a lease liability at the commencement date. The right-of-use asset is initially measured at cost less accumulated depreciation and impairment and is settled for any remeasurement of a lease liability. The cost of right-of-use asset includes the initial amount of a lease liability adjusted by lease payments made on or before the commencement date, and any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received. The estimated useful life of right-of-use asset is based on the lease term.

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The Group discount lease payments using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be easily determined, the Group uses the incremental borrowing rate.

After the commencement date, the Group measures the lease liability by:

(a) increasing the carrying amount to reflect interest rate on the lease liability;
(b) reducing the carrying amount to reflect the lease payments made; and
(c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments that are remeasured when there is a change in future lease payments arising from a change in index or a rate, or if there was a change in the Group's estimate of the amount expected to be payable by the lessee under residual value guarantees, or if the Group changed its assessment whether if it will choose the purchase, extension or termination.

Any remeasurement is settled in the lease liability against the carrying amount of right-of-use asset or charged to the consolidated statement of profit or loss if the carrying amount of the related asset is zero.

Short-term leases

The Group elected not to recognize right-of-use assets and lease liabilities for the short-term leases for which their terms are 12 months or less. The Group recognizes lease payments associated with those leases as expenses on a straight-line basis over the lease term.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i) Leases (CONTINUED)

Extension options
In case of leases that provide extension options, the Group assesses whether if it is reasonably certain, at commencement date, that the extension options will be exercised. The Group reassesses whether it is reasonably certain to exercise the options if there was a significant event or major change in the circumstances that fall under its control.

As a lessor
When the Group is a lessor, it determines, at the commencement of the lease, whether the lease is a finance lease or operating lease.

To classify each lease, the Group performs overall assessment whether lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers specific indicators such as whether the lease term is for the major part of the economic life of the underlying asset.

The initial measurement in case of finance leases: the Group uses the interest rate implicit in the lease to measure the net investment in the lease.

At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

(a) fixed payments;
(b) variable lease payments that depend on an index or a rate;
(c) any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee; and
(d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

Upon subsequent measurement, the Group recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor’s net investment in the lease.

The initial measurement in case of operating leases: The Group recognizes lease payments from operating leases as income on either a straight-line basis or another systematic basis. The Group applies another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Upon subsequent measurement, The Group applies IAS 36 to determine whether an underlying asset subject to an operating lease is impaired and to account for any impairment loss identified.

When the Group is an intermediate lessor, it calculates its interest in the head lease and sublease separately. Classification of the sublease is assessed by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease, the Group applies exemption, the sublease shall be classified as an operating lease.

If the arrangement includes lease and non-lease components, the Group allocates the consideration in the contract by applying IFRS 15 for allocation the consideration in the contract.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

j) Borrowing costs

Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalized up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use is completed and, otherwise, such costs are charged to the consolidated statement of profit or loss.

k) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount of an asset is the higher of an assets or cash-generating unit's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or (CGUs) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specified to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. Goodwill is tested annually for impairment and any impairment losses in respect of goodwill are not reversed.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's (CGUs) to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such an indication exists, the Group estimates the asset's or (CGU's) recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

l) Zakat

Provision for zakat is calculated at the date of the consolidated statement of financial position in accordance with regulations of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia ("ZATCA"). The resulting provision is recorded within the consolidated statement of profit or loss. Additional Zakat liability, if any, relating to prior years' assessments arising from ZATCA are recognized in the period in which the final assessments are finalized.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

m) Employees' benefits

The Group operates a defined benefit plan for its employees in accordance with Saudi Labor and Workman Law as defined by the conditions set out in the laws of the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefit plan is determined using the projected credit unit method.

Re-measurements for actuarial gains and losses are recognized in the consolidated statement of financial position and the corresponding balance is added to the retained earnings through other comprehensive income in the period in which they occur.

Re-measurements are not reclassified to the consolidated statement of profit or loss in subsequent periods. Costs and expenses related to defined benefit plans are recognized in the consolidated statement of profit or loss.

n) 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 render a service to the customer.
Step 3: Determine the transaction price.	The transaction price is the amount of consideration the Group expects to be entitled to in exchange for transferring the promised goods or services to a 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 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: Revenue recognition	The Group recognizes revenue when (or as) it satisfies a performance obligation by transferring promised goods or performing services to the customer under the contract.

Identify the contracts with customers
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).

The variable consideration is limited to the amount at which it is probable that a significant reversal will not occur when the uncertainties associated with the change are resolved.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

n) Revenue recognition (CONTINUED)

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.

Revenue is recognized only when the Group satisfies a performance obligation by transferring control of a promised service to the customer. Control maybe 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 rendered each year and recognized net of discounts and exemptions.

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

o) Dividends

Dividends are recognized in the consolidated financial statements in the period in which they are approved by the shareholders of the Group.

p) Earnings per share

The Group presents information on basic and diluted earnings per share for its ordinary shares. Earnings per share from net profit is calculated by dividing the profit or loss attributable to the Group's ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

q) Foreign currency transactions

Transactions denominated in foreign currencies are translated to Saudi Riyals at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the financial position date are translated to Saudi Riyals at the foreign exchange rate prevailing at that date. Gains or losses arising on exchanges are recognized in the consolidated statement of profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

r) Provisions

A provision is recognized in the consolidated statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount thereof can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Unwind of discount is recognized as finance cost in the consolidated statement of profit or loss.

s) Contingent liabilities

These are obligations that may arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or present obligation not recorded because it is not probable that an outflow of resources will be required to settle the obligation. If the amount of obligation cannot be measured with sufficient reliability, then it is not recorded in contingent liabilities but is disclosed in the consolidated financial statements.

t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operational results of the operating segments are reviewed by the Group's operating decision makers to make decisions about the resources to be allocated to the segment and to assess its performance, which have separate financial information.

u) Islamic Murabaha

Long-term borrowings are initially recognized at their fair value (being proceeds received, net of eligible transaction costs incurred, if any). Subsequent to initial recognition long-term borrowings are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of profit or loss over the period of the long-term borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

v) Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:
- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- it is held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

a) Defined benefit plans
The cost of end of service defined benefit and the present value of the related obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

b) Impairment of goodwill
The impairment test on CGUs is carried out by comparing the carrying amount of CGUs and their recoverable amount. The recoverable amount of CGU is based on the value in use ("VIU"). This valuation process used to determine the VIU includes the use of methods such as the discounted cash flows method which uses assumptions to estimate cash flows. The VIU depends significantly on the discount rate used in the discounted cash flows model as well as the expected future cash flows.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

c) Provision for expected credit loss on accounts receivable

The Group uses a model in estimating lifetime expected credit losses ("ECLs") that have not been credit-impaired or credit-impaired based on a change in the credit risk associated with the financial instrument.

The Group uses the simplified approach using an allowance matrix to measure ECLs of account receivables from individual customers, which comprise a very large number of small balances.

Account receivables are combined based on the common credit risk characteristics and the days in which they are due to measure the ECLs. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic activity indicators affecting the ability of the customers to settle the receivables.

d) Lease's discount rate

The management of the Group uses estimates in determining the incremental borrowing rate in computing the present value of minimum lease payments, as well as the expected lease term in the event of extension options.

6. ACQUISITION OF A SUBSIDIARY

Acquisition of shares in Al Salam Education and Training Company:

On 1 December 2022, the Group acquired controlling interests amounting to 100% of the shares and voting rights of Al Salam Education and Training Company ("the Subsidiary"). Since the group has control over the subsidiary, its financial statements have been consolidated within these consolidated statements.

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

Al Salam Education and Training Company's revenues amounted to 29.6 million Saudi riyals and net profits amounted to 2.5 million Saudi riyals for the period from 1 September 2022 until 31 August 2023. Since the date of acquisition of the company is 1 December 2022, the group's management has consolidated the business only for the period from the date of acquisition until 31 August 2023. This led to increase in the group's revenue and net profits by 22.1 million Saudi riyals and 2.4 million Saudi riyals, respectively.

During 2023, the Company completed the purchase price allocation exercise and accordingly adjusted the temporary amounts recognized at the acquisition date to reflect new information obtained about the facts and circumstances that existed at the acquisition date.

The impact on previously reported temporary amounts was as follows:

	Temporary value recognized at acquisition	Fair value adjustments	Adjusted fair values as at the acquisition date
Assets			
Property and equipment	64,902,417	5,405,813	70,308,230
Intangible assets	106,667	2,662,421	2,769,088
Accounts receivable	458,087	-	458,087
Prepayments and other receivables	823,888	-	823,888
Cash and cash equivalents	1,206,893	-	1,206,893
Total Assets	67,497,952	8,068,234	75,566,186
Liabilities			
Employees' benefits	6,803,000	-	6,803,000
Advances from customers	6,129,695	-	6,129,695
Accounts payable	247,715	-	247,715
Accrued expenses and other payables	898,641	-	898,641
Total liabilities	14,079,051	-	14,079,051
Total net assets identifiable at fair value	53,418,901	8,068,234	61,487,135
Goodwill resulting from acquisition (note 8)	18,581,099	(8,068,234)	10,512,865
Purchase consideration transferred in cash	72,000,000	-	72,000,000

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

- The group incurred an amount of 311 thousand Saudi riyals, representing the costs of the acquisition process, which were charged to general and administrative expenses.

(Amounts in Saudi Riyals)

7. PROPERTY AND EQUIPMENT

	Lands (*)	Buildings and improvements on buildings	Furniture and fixture	Computers and equipment	Motor vehicles	Projects in progress (**)	Total
Cost							
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 from the acquisition (note 6)	39,722,635	44,356,313	2,323,670	2,759,296	159,965	-	89,321,879
Additions during the year	-	2,749,490	11,403,417	16,485,494	4,462,355	47,117,666	82,218,422
Transfers from project in progress	19,750,000	44,645,015	3,486,634	11,999,811	-	(79,881,460)	-
Disposals during the year	-	-	(136,532)	(296,928)	(1,822,899)	-	(2,256,359)
As at 31 August 2023	**216,763,810**	**409,163,429**	**69,640,136**	**110,272,531**	**12,661,529**	**86,623,825**	**905,125,260**
Additions during the period	**-**	**2,383,644**	**9,722,850**	**15,708,965**	**3,832,081**	**90,598,895**	**122,246,435**
Transfers from project in progress	**-**	**21,981,287**	**4,761,786**	**2,757,709**	**-**	**(29,500,782)**	**-**
Disposals during the period	**-**	**-**	**-**	**(4,450)**	**-**	**-**	**(4,450)**
As at 31 July 2024	**216,763,810**	**433,528,360**	**84,124,772**	**128,734,755**	**16,493,610**	**147,721,938**	**1,027,367,245**
Accumulated depreciation							
As at 31 August 2022	-	**81,248,767**	**32,800,982**	**52,319,139**	**8,065,517**	-	**174,434,405**
Adjustments from the acquisition (note 6)	-	14,575,183	1,866,176	2,443,327	128,963	-	19,013,649
Charge for the year	-	6,897,919	4,224,143	5,944,527	310,324	-	17,376,913
Disposals during the year	-	-	(136,532)	(296,928)	(1,822,899)	-	(2,256,359)
As at 31 August 2023	-	**102,721,869**	**38,754,769**	**60,410,065**	**6,681,905**	-	**208,568,608**
Charge for the period	**-**	**7,320,503**	**6,184,132**	**7,637,371**	**652,533**	**-**	**21,794,539**
Disposals during the period	**-**	**-**	**-**	**(4,450)**	**-**	**-**	**(4,450)**
As at 31 July 2024	**-**	**110,042,372**	**44,938,901**	**68,042,986**	**7,334,438**	**-**	**230,358,697**
Net book value							
As at 31 July 2024	**216,763,810**	**323,485,988**	**39,185,871**	**60,691,769**	**9,159,172**	**147,721,938**	**797,008,548**
As at 31 August 2023	216,763,810	306,441,560	30,885,367	49,862,466	5,979,624	86,623,825	696,556,652

(*) Includes the land of Tarbyah Namouthajiyah Schools / Al-Qairawan district amounting to SR 44,587,500 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 14-1) In addition to the land of Al Salam National Schools /Al Khobar city amounting to SR 36,802,500 mortgaged to a local bank and will be released upon the settlement of the last installment on 29 November 2027 (note 14-4).
(**) The projects in progress includes Al Qasr project in Khobar, which comprises of two lands with a total value of SR 18,185,377 mortgaged to a local bank and will be release upon settlement of the last installment on 18 May 2025 (note 14-2).

(Amounts in Saudi Riyals)

7. PROPERTY AND EQUIPMENT (CONTINUED)

The depreciation charged for the year is as follows:

	For the period ended 31 July 2024	For the year ended 31 August 2023
Cost of revenue (note 24)	**20,712,317**	16,457,960
General and administrative expenses (note 25)	**1,082,222**	918,953
	21,794,539	17,376,913

Projects in progress represent the following:

	For the period ended 31 July 2024	For the year ended 31 August 2023
Qurtubah project (7-1)	**45,115,344**	16,199,336
Hetteen project (7-2)	**44,981,347**	17,798,308
Al- Narjis project (7-3)	**39,081,076**	7,642,637
Al-Qasr scheme project in Khobar (7-4)	**18,544,171**	18,544,171
Telal Al-Doha schools project - Dhahran (7-5)	**-**	24,339,372
Other improvements to existing campuses (7-6)	**-**	2,100,001
	147,721,938	86,623,825

7-1 The project represents construction works to establish schools in Qurtubah district in the city of Riyadh. The value of construction works is amounting to 45,115,344 Saudi riyals as of 31 July 2024.

7-2 The project represents construction works to establish schools in Hetteen district in the city of Riyadh. The value of construction works is amounting to 44,981,347 Saudi riyals as of 31 July 2024.

7-3 The project represents construction works to establish schools in Al- Narjis district in the city of Riyadh. The value of construction works is amounting to 39,081,076 Saudi riyals as of 31 July 2024.

7-4 The project represents mainly the purchase value of two plots of lands in Al Qasr scheme in Khobar amounting to SR 18,544,171 to establish schools. These lands are mortgaged to a local bank and will be released upon settlement of the last installment on 18 May 2025 (note 14-4).

7-5 The amount represents the value of construction work for the remaining phases of the Telal Al-Doha Schools project – Dhahran, and all works on the projects were completed and fully capitalized at the beginning of the period ending 31 July 2024.

7-6 The amount represents the value of improvements to the educational complexes affiliated with the schools during the year, and all improvements works were completed and fully capitalized at the beginning of the period ending 31 July 2024.

8. INTANGIBLE ASSETS AND GOODWILL

	Goodwill (*)	Student's list	Software computer	Total
Cost				
As at 1 September 2022	**72,292,587**	**11,443,682**	**2,096,858**	**85,833,127**
Additions from the acquisition (note 6)	10,512,865	2,662,421	200,000	13,375,286
Addition during the year	-	-	540,000	540,000
As at 31 August 2023	**82,805,452**	**14,106,103**	**2,836,858**	**99,748,413**
Addition during the period	**-**	**-**	**638,500**	**638,500**
As at 31 July 2024	**82,805,452**	**14,106,103**	**3,475,358**	**100,386,913**
Accumulated Amortization				
As at 1 September 2022	**-**	**4,252,579**	**1,513,110**	**5,765,689**
Adjustments form the acquisition (note 6)	-	-	93,333	93,333
Amortization during the year	-	2,003,233	243,683	2,246,916
As at 31 August 2023	**-**	**6,255,812**	**1,850,126**	**8,105,938**
Amortization during the period	**-**	**1,923,456**	**342,895**	**2,266,351**
As at 31 31 July 2024	**-**	**8,179,268**	**2,193,021**	**10,372,289**
Net book value				
As at 31 July 2024	**82,805,452**	**5,926,835**	**1,282,337**	**90,014,624**
As at 31 August 2023	82,805,452	7,850,291	986,732	91,642,475

(*) The Goodwill has been allocated to the following Cash-generating units of the Group:

	Al-Rawabi	Al-Khwarizmi	Al-Ghad	Refan	Al-Salam	Total
Cost						
As at 31 July 2024	**11,357,834**	**22,208,000**	**37,475,000**	**1,251,753**	**10,512,865**	**82,805,452**
As at 31 August 2023	11,357,834	22,208,000	37,475,000	1,251,753	10,512,865	82,805,452

The amortization charged for the year is as follows:

	For the period ended 31 July 2024	For the year ended 31 August 2023
General and administrative expenses (note 25)	**2,266,351**	2,246,916
	2,266,351	2,246,916

***Goodwill impairment test**
Management performs goodwill test to ensure that there is no impairment at the end of each financial year. The management found, through the goodwill test, that the book value of goodwill was less than its recoverable value as at 31 July 2024.

The recoverable amount was determined on the basis of the information used to calculate the present value of the five-year expected cash flows, based on the financial budget approved by the Board of Directors. The growth rate used does not exceed the Group's long-term average growth rate, the growth rate used is 2%.

Management believes that the estimated growth rates do not exceed the long-term average growth rates related to the activities carried out by the group companies.

(Amounts in Saudi Riyals)

8. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Sensitivity to changes in assumptions

In relation to the recoverable amount review, any adverse change in underlying assumptions will result in an impairment loss. The terminal growth rates and discount rates used are the key assumptions in cases where potential changes could lead to impairment. The change is either increase or decrease of the discount rate and / or terminal growth rate does not result in an impairment loss.

The key assumptions used in the estimation of the recoverable amount are set out below:

The values assigned to key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	Al-Rawabi	Al-Khwarizmi	Al-Ghad	Refan	Al-Salam
Discount rate	**17.25%**	**19.25%**	**17.25%**	**24.25%**	**17.25%**
Terminal value growth rate	**2%**	**2%**	**2%**	**2%**	**2%**

Discount rate represents the current market assessment of the risks specified to each cash generating unit. The calculation of the discount rate is based on the specific circumstances of the Group and its operating segments and derived from its (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on return-bearing Murabaha that are binding on the Group. Risk relating to sectors are incorporated.

The terminal value growth rate was determined based on management's estimate which in line with the assumptions that a market participant would make.

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

Right-of-use assets

	31 July 2024	31 August 2023
Balance at the beginning of the period / year	**287,947,376**	126,073,110
Additions during the period / year	**2,463,975**	177,554,540
Depreciation for the period / year – (note 24, 25)	**(25,539,489)**	(15,680,274)
Balance at end of the period / year	**264,871,862**	287,947,376

Leases liabilities on the right-of-use assets

	31 July 2024	31 August 2023
Balance at the beginning of the period / year	**282,511,067**	131,454,567
Additions during the period / year	**2,463,975**	177,554,540
Interest on lease liabilities – (note 27)	**14,245,299**	6,671,960
Payments during the period / year	**(16,625,000)**	(33,170,000)
Balance at end of the period / year	**282,595,341**	282,511,067
Current portion of lease liability on right-of-use assets	**21,237,983**	12,489,902
Non-current portion of lease liability on right-of-use assets	**261,357,358**	270,021,165
Lease liability on right-of-use assets	**282,595,341**	282,511,067

The depreciation charged for the period / year is as follows:

	For the period ended 31 July 2024	For the year ended 31 August 2023
Cost of revenue (note 24)	**22,194,337**	13,808,535
General and administrative expenses (note 25)	**3,345,152**	1,871,739
	25,539,489	15,680,274

10. INVENTORY

	31 July 2024	31 August 2023
Uniforms, publications and school books	3,198,358	2,147,336
Less: Impairment of inventory	(408,592)	-
	2,789,766	2,147,336

11. ACCOUNTS RECEIVABLE

	31 July 2024	31 August 2023
Accounts receivable	**75,477,167**	41,674,308
Less: Expected credit loss of receivables	**(25,958,527)**	(19,473,731)
	49,518,640	22,200,577

Movement in expected credit loss of receivable balances during the period / year is as follows:

	31 July 2024	31 August 2023
Balance at the beginning of the period / year	**19,473,731**	13,956,925
Addition from the acquisition during the period / year	**-**	1,846,750
Used during the period / year	**(465,204)**	(529,944)
Charged during the period / year. ,net	**6,950,000**	4,200,000
Balance at the end of the period / year	**25,958,527**	19,473,731

The Group provides for receivables by applying the simplified approach to assess the expected credit losses.

12. PREPAYMENTS AND OTHER RECEIVABLES

	31 July 2024	31 August 2023
Advances to suppliers (*)	**32,556,872**	31,624,162
Value-added tax	**16,183,977**	19,919,948
Prepaid expenses	**5,910,125**	8,218,848
Employees' advances and custodies	**3,426,174**	3,889,947
Others	**1,738,732**	1,847,293
	59,815,880	65,500,198
Less: Impairment of prepayment and other receivables	**(878,160)**	(893,913)
	58,937,720	64,606,285

* The amounted of advance payments to suppliers include an amount of 13,131,372 Saudi riyals, which represents (the non-current portion) of the value of the amounts paid in advance for improvements and the purchase of various school devices and equipment as of 31 July 2024 (2023: 21,398,686 Saudi riyals).

Movement in impairment of prepayment and other receivables during the period / year is as follows:

	31 July 2024	31 August 2023
Balance at beginning of the period / year	**893,913**	449,998
Addition from the acquisition during the period / year	**-**	77,935
Charged during the period / year	**-**	475,412
Used during this period / year	**(15,753)**	(109,432)
Balance at the end of the period / year	**878,160**	893,913

(Amounts in Saudi Riyals)

13. CASH AND CASH EQUIVALENTS

	31 July 2024	31 August 2023
Current accounts with banks	**36,344,216**	73,699,723
Short-term Islamic Murabaha	**-**	95,000,000
	36,344,216	168,699,723

Short-term Islamic Murabaha carry a fixed rate of return of 5.7% and a maturity date of less than three months. Returns on short-term Islamic Murabaha deposit during the year amount of SR 1,602,424 (2023: SR 1,958,764) – note 27.

14. ISLAMIC MURABAHA

Islamic Murabaha from commercial banks

14-1 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 7).

14-2 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 7).

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

14-3 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 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 has paid on 13 January 2019.All remaining installments were paid early on 23 March 2023.

14-4 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 7).

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

14. ISLAMIC MURABAHA (CONTINUED)

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

The present value of Islamic Murabaha granted by commercial banks is as follows:	**31 July 2024**	31 August 2023
Total Islamic Murabaha at the end of the year	**35,081,349**	52,730,397
Less: deferred finance charges		
Balance at beginning of the period / year	**(5,675,170)**	(536,773)
Additions during the period / year	**-**	(7,491,058)
Finance cost charges for the period / year	**2,133,592**	2,352,661
Balance at the end of the period / year	**(3,541,578)**	(5,675,170)
Present value of Islamic Murabaha at the end of the period / year	**31,539,771**	47,055,227
Non-current portion of Islamic Murabaha	**18,510,541**	29,406,179
Current portion of Islamic Murabaha	**13,029,230**	17,649,048
	31,539,771	47,055,227

15. ADVANCE FROM CUSTOMERS

Represents amount received in advance for tuition fees for the academic year 2024 - 2025.

16. ACCRUED EXPENSES AND OTHER PAYABLES

	31 July 2024	31 August 2023
Accrued expenses	**28,488,238**	14,751,296
Claims provision	**512,453**	669,761
Others	**197,611**	104,435
	29,198,302	15,525,492

17. PROVISION FOR ZAKAT

a) Zakat status
The Group and its subsidiaries filed their Zakat returns separately to the Zakat, Tax and Customs Authority (“ZATCA”) based on the financial statements of each company up to and including the year ended 31 August 2023. The Company and its subsidiaries obtained the Zakat certificate for all past years and paid Zakat payable accordingly.

b) The Group is subject to zakat according to the regulations of the Zakat, Tax and Customs Authority (“ZATCA”) in the Kingdom of Saudi Arabia. National Company for Learning and Education has finalized its Zakat status and obtained final Zakat assessments for the years up to the financial year ended 31 August 2023.

(Amounts in Saudi Riyals)

17. PROVISION FOR ZAKAT (CONTINUED)

Zakat has been calculated for the period ended 31 July 2023 based on net income for the period comprising of the following significant components:

	31 July 2024	31 August 2023
Income for the period / year before Zakat	**163,267,401**	104,980,036
Adjustments on net income for the period / year	**54,136,679**	21,918,084
Adjusted net income for the period / year – Total (1)	**217,404,080**	126,898,120
Share capital	**430,000,000**	430,000,000
Share premium	**100,985,697**	100,985,697
Statutory reserve	**-**	38,598,251
Retained earnings	**173,736,306**	80,963,888
Carried forward provisions	**76,063,275**	71,864,072
Net leased liability and right of use asset	**17,723,479**	(5,436,309)
Amounts added to Zakat base	**8,283,872**	76,293,621
Property and equipment	**(797,008,548)**	(696,556,652)
Intangible assets and goodwill	**(90,014,624)**	(91,642,475)
Islamic Murabaha	**31,539,771**	47,055,227
Dividends paid during the period / year	**(70,950,000)**	(51,600,000)
Advance payments to purchase property and equipment and intangible assets	**(13,131,372)**	(21,398,686)
Adjusted to the Zakat base	**7,126,189**	(648,607)
Zakat base – Total (2)	**91,758,125**	105,376,147
Adjust net income for the period / year - Zakat base	**217,404,080**	126,898,120
Zakat payable 2.5%	**5,435,102**	3,172,453

Movement in Zakat provision is as follows:

	31 July 2024	31 August 2023
Balance at the beginning of the period / year	**4,213,889**	3,539,722
Charged during the period / year	**5,435,102**	3,172,453
Adjust on the statement of profit or loss	**-**	23,059
Total charged to the statement of profit or loss	**5,435,102**	3,195,512
Paid during the period / year	**(3,064,987)**	(2,521,345)
Balance at the end of period / year	**6,584,004**	4,213,889

18. EMPLOYEES' BENEFITS

The Group has a post-employment defined benefit plan. The benefits are required by Saudi Labor Law. These benefits are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws and regulations of Saudi Arabia.

The following table summarizes the components of net benefit expenses recognized in the consolidated statement of profit or loss and consolidated statement of comprehensive income in addition to the amounts included in consolidated statements of financial position.

Net expense recognized in consolidated statement of profit or loss:

	For the period ended 31 July 2024	For the year ended 31 August 2023
Service cost	**6,555,083**	6,049,690
Interest cost (note 27)	**2,673,917**	2,186,250
	9,229,000	8,235,940

Provision for employees' benefits recognized in the statement of consolidated financial position:

	31 July 2024	31 August 2023
Balance at the beginning of the period / year	**59,018,000**	49,414,000
Additions from the acquisition (note 6)	**-**	6,803,000
Current service cost	**6,555,083**	6,049,690
Interest cost (note 27)	**2,673,917**	2,186,250
	9,229,000	8,235,940
Paid during the period / year	**(4,102,767)**	(1,651,337)
Transferred from accrued expenses and other payables	**-**	206,040
Actuarial gains recognized in the statement of comprehensive income	**(1,718,233)**	(3,989,643)
Balance at the end of the period / year	**62,426,000**	59,018,000

Key assumptions used to determine provision for employees' benefits are as follows:

	31 July 2024	31 August 2023
Discount rate	**5%**	**4.6%**
Future salary increase rate	**2%**	**2%**

Change in an actuarial assumption with all other assumptions held constant could affect the provision for employees' benefits in the following amounts:

	31 July 2024		31 August 2023	
	Increase (1%)	Decrease (1%)	Increase (1%)	Decrease (1%)
Discount rate	**58,191,000**	**67,416,000**	55,009,000	63,745,000
Future salary increase rate	**67,521,000**	**58,038,000**	63,824,000	54,880,000

The sensitivity analysis above may not be representative of an actual change in provision for employees' benefits as it is unlikely that changes in assumptions would occur in isolation of one another.

(Amounts in Saudi Riyals)

19. SHARE CAPITAL

The Company's share capital amounting to SR 430 million (2024: SR 430 million) divided into 43 million shares (2023: 43 million shares) with a nominal value of SR 10 each.

20. 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 may not be distributed as dividends to the shareholders.

21. STATUTORY RESERVE

The new Saudi Companies law which became effective on January 19, 2023 removed the requirement of maintaining a statutory reserve which existed in the previous law. With the approval of the extraordinary general assembly held on 4 July 2024, the group updated its bylaws to align it with the new law and transfer the balance of statutory reserve amounting to 48,776,703 to retained earnings.

22. REVENUE

	For the period ended 31 July 2024	For the year ended 31 August 2023
Tuition fees*	**557,479,862**	440,264,896
Student transportation fees	**5,022,696**	2,973,868
Sport clubs' revenue	**2,967,578**	3,254,369
	565,470,136	446,493,133

*The tuition fees revenues for the 2023/2024 academic year have been fully recorded for the period ending 31 July 2024 (11 months).

The Group believes that it fulfills its performance obligations in its contracts with customers over time.

23. GOVERNMENT GRANTS AND SUBSIDIES

	For the period ended 31 July 2024	For the year ended 31 August 2023
Ministry of Human Resources support	**13,099,938**	12,307,009
Revenue from government subsidies for education	**363,096**	3,159,218
	13,463,034	15,466,227

24. COST OF REVENUE

	For the period ended 31 July 2024	For the year ended 31 August 2023
Salaries, wages and other employee benefits	**197,546,501**	182,592,770
Depreciation of right-of-use assets (note 9)	**22,194,337**	13,808,535
Amortization and depreciation (note 7)	**20,712,317**	16,457,960
Printings, tools and consumables	**16,843,948**	16,326,926
Government charges	**9,848,821**	8,961,040
Hospitality and student activities	**8,620,021**	7,037,153
Medical insurance	**7,445,643**	7,562,769
Water, electricity and communications	**6,703,492**	6,573,495
Maintenance and fuel	**2,574,234**	2,851,510
Others	**5,212,437**	3,874,254
	297,701,751	266,046,412

25. GENERAL AND ADMINISTRATIVE EXPENSES

	For the period ended 31 July 2024	For the year ended 31 August 2023
Salaries, wages and other employee benefits	**54,905,137**	42,332,884
Government charges	**4,703,171**	2,995,273
Bank commissions	**4,421,409**	5,695,831
Depreciation of the right of use assets (note 9)	**3,345,152**	1,871,739
Maintenance and technical support	**2,468,439**	2,418,725
Medical insurance	**2,324,416**	1,491,735
Consulting and professional fees	**2,322,328**	2,106,090
Water, electricity and communications	**2,083,009**	1,285,191
Amortization of students list	**1,923,456**	2,003,233
Printings, tools and consumables	**1,588,836**	1,624,933
Amortization and depreciation (note 7,8)	**1,425,117**	1,162,636
Hospitality and activities	**1,252,517**	1,006,846
Others	**6,535,963**	5,105,639
	89,298,950	71,100,755

26. OTHER INCOME

	For the period ended 31 July 2024	For the year ended 31 August 2023
Rent for food canteens	**1,159,698**	1,240,307
Gain from disposal of property and equipment	**-**	156,522
Other miscellaneous income	**1,813,823**	1,042,373
	2,973,521	2,439,202

27. FINANCE COSTS AND RETURN , NET

	For the period ended 31 July 2024	For the year ended 31 August 2023
Interest on lease liabilities	**14,245,299**	6,671,960
Interest cost of employee's benefits	**2,673,917**	2,186,250
Finance costs for Islamic Murabaha	**2,133,592**	2,307,771
Short-term Islamic Murabaha returns	**(1,602,424)**	(1,958,764)
	17,450,384	9,207,217

28. BASIC AND DILUTED EARNINGS PER SHARE

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

	For the period ended 31 July 2024	For the year ended 31 August 2023
Net profit for the period / year	**157,832,299**	101,784,524
Weighted average number of shares	**43,000,000**	43,000,000
	3.67	2.37

(Amounts in Saudi Riyals)

29. FINANCIAL ASSETS AND LIABILITIES

29.1 Financial asset

	31 July 2024	31 August 2023
Financial assets at amortized cost:		
Accounts receivable	**49,518,640**	22,200,577
Financial assets included in other receivables	**5,164,906**	5,737,240
Cash and cash equivalents	**36,344,216**	168,699,723
Total financial assets at amortized cost	**91,027,762**	196,637,540

29.2 Financial liabilities

	31 July 2024	31 August 2023
Financial liabilities at amortized cost:		
Islamic Murabaha	**31,539,771**	47,055,227
Lease liabilities on right-of-use assets	**282,595,341**	282,511,067
Accounts payable	**13,647,179**	3,846,520
Accrued expenses and other payables	**29,198,302**	15,525,492
Total financial liabilities at amortized cost	**356,980,593**	348,938,306
Current portion of financial liabilities	**77,112,694**	49,510,962
Non-current portion of financial liabilities	**279,867,899**	299,427,344
Total financial liabilities	**356,980,593**	348,938,306

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

30. COMMITMENTS

	31 July 2024	31 August 2023
Contractual commitments for suppliers	**35,845,796**	15,195,826
Capital commitments - projects in progress *	**16,093,057**	88,716,258
	51,938,853	103,912,084

* The Capital commitments are related to the projects under progress of the Group's complexes in Hetteen, Al- Narjis and Qurtubah for the completion of construction works of the educational complexes.

31. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

The Group is exposed to the following risks arising from financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Risk management is carried out by the senior management under policies approved by the Board of Directors. Senior management identifies and evaluates, when appropriate, financial risks in close co-operation with the Group's operating units.

a) Market risk

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

Currency risk
Currency risk is the risk that the value of financial instruments will change due to changes in foreign exchange rates. the Group's transactions are in Saudi Riyals. The Group's is not subject to this risk.

Commission (interest) rate risk
Fair value and cash flow interest rate risks are the exposures to various risk associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group is exposed mainly to interest rate risk as a result of Murabaha from commercial banks. The Group manages its financing through optimizing available cash and minimizing borrowings.

b) Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Group is principally exposed to credit risk from cash and cash equivalents, accounts receivables and other receivables.

The carrying amount of financial assets represents the maximum credit risk.

Cash and cash equivalents
Cash and cash equivalents are held with banks with good credit ratings. The Group regularly updates its cash flows.

Accounts receivable
The credit quality of financial assets that are neither past due nor impaired are being assessed by reference to customers with appropriate and strong credit history, with minimal account defaults and where the receivables are fully recovered in the past. The Group recognizes provisions by measuring the probability of collection of amounts from customers if the probability of collection is low and takes into account write-off of due debts. Credit and Collection Operations provide inputs on the aging of financial assets on a periodic basis.

(Amounts in Saudi Riyals)

31. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

The Group provides for receivables by applying the simplified approach to assess the expected credit losses. The provision of accounts receivable amounted to SR 25.96 million (31 August 2023: SR 19.47 million). The following table shows aging of the accounts receivable:

	31 July 2024	31 August 2023
Balances less than 1 year	**50,309,135**	21,965,425
Balances more than one year and less than two years	**9,357,617**	4,540,331
Balances more than 2 years and less than 3 years	**3,105,400**	2,281,024
Balances more than 3 years	**12,705,015**	12,887,528
Total	**75,477,167**	41,674,308
(Less) : Expected credit loss	**(25,958,527)**	(19,473,731)
Net accounts receivable	**49,518,640**	22,200,577

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due without incurring unacceptable losses or risking damage to the Group's reputation.

The management closely and continuously monitors the liquidity risk by performing regular review of available funds, present and future commitments, operating and capital expenditure. Moreover, the Group monitors the actual cash flows and seeks to match the maturity dates with its financial assets and liabilities.

The Group seeks continuously to comply with its legal obligations, including any, relating to its financing agreements.

31. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

The following represents the maturities of financial liabilities at the reporting date based on undiscounted contractual cash flows:

	Less than 1 year	Above 1-5 years	Above 5 years	Total contractual cash flows	Carrying value
As at 31 July 2024					
lease liability on right-of-use assets	**33,373,913**	**183,064,956**	**200,151,536**	**416,590,405**	**282,595,341**
Islamic Murabaha	**13,029,230**	**22,052,119**	**-**	**35,081,349**	**31,539,771**
Accounts payable	**13,647,179**	**-**	**-**	**13,647,179**	**13,647,179**
Accrued expenses and other payables	**29,198,302**	**-**	**-**	**29,198,302**	**29,198,302**
	89,248,624	**205,117,075**	**200,151,536**	**494,517,235**	**356,980,593**
As at 31 August 2023					
lease liability on right-of-use assets	16,335,000	182,784,065	231,196,340	430,315,405	282,511,067
Islamic Murabaha	17,649,048	35,081,349	-	52,730,397	47,055,227
Accounts payable	3,846,520	-	-	3,846,520	3,846,520
Accrued expenses and other payables	15,525,492	-	-	15,525,492	15,525,492
	53,356,060	217,865,414	231,196,340	502,417,814	348,938,306

d) Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As the accompanying consolidated financial statements are prepared under the historical cost method, differences may arise between the carrying values and the fair value estimates. Management believes that the fair value of the Group's financial assets and liabilities are not materially different from their carrying values.

e) Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors its capital base using a ratio of net debt to equity. The net debt represents in Islamic Murabaha.

The Group's net debt to equity ratio at the end of the period / year are as follows:

	31 July 2024	31 August 2023
Islamic Murabaha	**31,539,771**	47,055,227
Less: cash and cash equivalents	**(36,344,216)**	(168,699,723)
Net debt	**(4,804,445)**	(121,644,496)
Total Equity	**793,322,535**	704,722,003
Net debt to equity ratio	**(1%)**	(17%)

(Amounts in Saudi Riyals)

32. 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:

	Nature of transactions	**31 July 2024**	31 August 2023
Yamami Holding Company (affiliate)	Building lease	**7,950,000**	7,950,000
Al-Yamamah Private University Company Limited (affiliate)	Theaters rental	**455,000**	-

Key management compensations

	For the period ended 31 July 2024	For the year ended 31 August 2023
Salaries and other short-term benefits	**11,043,854**	6,371,667
End of services charged for the period / year	**754,835**	251,009
	11,798,689	6,622,676

Board of Directors' remuneration and related benefits

	For the period ended 31 July 2024	For the year ended 31 August 2023
Board of directors' remunerations and benefits	**1,785,841**	1,866,423
	1,785,841	1,866,423

33. SEGMENT REPORTING

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

As at and for the period ended 31 July 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	87,016,365	82,213,912	78,571,113	24,141,711	29,864,013	18,605,139	35,048,748	81,449,726	47,195,803	20,484,158	30,001,320	22,808,870	8,069,258	7,209,390	-	(7,209,390)	565,470,136
Government grants and subsidies	1,867,000	1,145,500	1,509,400	797,600	1,628,723	12,000	762,740	2,143,000	1,726,700	612,748	410,623	544,000	303,000	-	-	-	13,463,034
Cost of revenue	(44,817,328)	(38,728,557)	(34,214,833)	(11,623,775)	(19,081,466)	(7,427,929)	(21,330,845)	(34,438,421)	(24,634,562)	(10,544,716)	(17,985,263)	(17,953,601)	(9,863,429)	(6,813,301)	-	1,756,275	(297,701,751)
Gross profit	44,066,037	44,630,855	45,865,680	13,315,536	12,411,270	11,189,210	14,480,643	49,154,305	24,287,941	10,552,190	12,426,680	5,399,269	(1,491,171)	396,089	-	(5,453,115)	281,231,419
Property and equipment	101,832,879	70,090,329	78,389,748	36,287,368	51,857,038	6,804,958	1,469,176	140,386,774	7,038,877	69,692,114	64,299,184	9,553,647	6,268,828	5,315,690	147,721,938	-	797,008,548
Depreciation	3,264,741	2,155,227	2,571,836	1,139,726	2,033,385	487,368	344,244	3,725,900	1,005,377	1,861,128	918,378	1,516,159	716,559	54,511	-	-	21,794,539

(Amounts in Saudi Riyals)

33. SEGMENT REPORTING (CONTINUED)

As at and for the year ended 31 August 2023

	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	Projects in progress	Elimination inter-company transactions	Total
Revenues	72,540,540	74,792,192	66,591,527	17,765,487	22,715,513	18,475,422	33,992,589	66,217,940	42,855,812	8,403,106	22,143,005	7,725,282	-	(7,725,282)	446,493,133
Government grants and subsidies	2,494,987	1,584,169	1,588,399	1,152,941	1,481,225	260,403	1,060,326	2,633,038	2,295,546	427,243	487,950	-	-	-	15,466,227
Cost of revenue	(42,929,983)	(40,978,219)	(33,863,637)	(11,113,793)	(16,567,680)	(8,142,891)	(23,421,775)	(31,855,134)	(29,705,023)	(6,609,767)	(15,857,421)	(6,999,414)	-	1,998,325	(266,046,412)
Gross profit	32,105,544	35,398,142	34,316,289	7,804,635	7,629,058	10,592,934	11,631,140	36,995,844	15,446,335	2,220,582	6,773,534	725,868	-	(5,726,957)	195,912,948
Property and equipment	101,406,755	70,996,001	78,766,684	35,533,951	51,966,191	7,082,095	1,530,723	141,258,839	6,918,666	44,735,760	64,366,961	5,370,201	86,623,825	-	696,556,652
Depreciation	2,716,758	2,198,890	2,759,385	857,536	1,728,177	489,139	419,002	3,511,835	987,249	971,260	692,574	45,108	-	-	17,376,913

Due to the nature of the Group's activity and management style, it is not practical to allocate the remaining assets and liabilities of the Group according to different sectors.

33. SEGMENT REPORTING (CONTINUED)

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

	For the period ended 31 July 2024	For the year ended 31 August 2023
Gross profit from sectors	**281,231,419**	195,912,948
Other income	**2,973,521**	2,439,202
General and administrative expenses	**(89,298,950)**	(71,100,755)
Marketing and advertising expenses	**(7,238,205)**	(8,864,142)
Expected credit loss	**(6,950,000)**	(4,200,000)
Finance costs and returns, net	**(17,450,384)**	(9,207,217)
Total unallocated amount	**(117,964,018)**	(90,932,912)
Net income for the period / year before Zakat	**163,267,401**	104,980,036

34. DIVIDENDS

During the financial period ending on 31 July 2024, the Ordinary General Assembly, held on 27 December 2023 approved the distribution of dividends to shareholders amounting to 70.95 million Saudi riyals at 1.65 riyals per share.

During the financial period ending on 31 August 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.

35. SUBSEQUENT EVENTS

On 27 Rabi' al-Akhir 1446H corresponding to 30 October 2024, the Company’s Board of Directors recommended to distribute cash dividends to the shareholders amounting to 90.3 million Saudi riyals for the fiscal year ended 31 July 2024 at 2.1 riyals per share. The distribution date will be announced after the General Assembly meeting that will approve the dividends’ distribution.

36. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved for and authorized for issuance by the Board of Directors on 27 Rabi Al-Akhar 1446H corresponding to 30 October 2024.