

NATIONAL COMPANY FOR LEARNING AND EDUCATION
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Financial Statements
(Unaudited)
For three and six-months period ended
29 February 2024
And the independent auditor's review report

NATIONAL COMPANY FOR LEARNING AND EDUCATION
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three and six-months period ended 29 February 2024

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

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of (National Company for Learning and Education "the Company") and its subsidiaries (together "the Group"), as of 29 February 2024 G and the related interim condensed consolidated statements of profit or loss, comprehensive income for the three and six month periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the six month period then ended, and significant accounting policies and other explanatory information.

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

Scope of Review

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

Conclusion

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

Other Matter

The Group's interim condensed consolidated financial statements for the three and six-month periods ended on 28 February 2023 G were reviewed by another auditor who expressed an unmodified conclusion on those interim condensed consolidated financial statements on 22 Ramadan 1444 H (Corresponding to 13 April 2023 G).

For Dr. Mohamed Al-Amri & Co.



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

Riyadh on: 4 April 2024 G
Corresponding to: 25 Ramadan 1445 H



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

| | Note | As of 29 February 2024 (Unaudited) | As of 31 August 2023 (Audited) |
|---|------|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | 4 | 785,252,797 | 696,556,652 |
| Advance payments to suppliers | | 6,145,439 | 21,398,686 |
| Intangible assets and goodwill | | 90,845,871 | 91,642,475 |
| Right-of-use assets | 5 | 274,097,270 | 287,947,376 |
| Total non-current assets | | 1,156,341,377 | 1,097,545,189 |
| Current assets | | | |
| Inventory | | 2,123,586 | 2,147,336 |
| Accounts receivable | | 46,210,643 | 22,200,577 |
| Prepayments and other receivables | | 50,897,646 | 43,207,599 |
| Cash and cash equivalents | | 11,953,651 | 168,699,723 |
| Total current assets | | 111,185,526 | 236,255,235 |
| Total assets | | 1,267,526,903 | 1,333,800,424 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 9 | 430,000,000 | 430,000,000 |
| Share premium | | 100,985,697 | 100,985,697 |
| Statutory reserve | | 48,776,703 | 48,776,703 |
| Retained earnings | | 120,331,635 | 124,959,603 |
| Total equity | | 700,094,035 | 704,722,003 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Non-current portion of Islamic Murabaha | 6 | 24,029,526 | 29,406,179 |
| Employees' benefits | | 60,942,000 | 59,018,000 |
| Non-current portion of lease liability on right-of-use assets | 5 | 260,376,078 | 270,021,165 |
| Total non-current liabilities | | 345,347,604 | 358,445,344 |
| Current liabilities | | | |
| Current portion of Islamic Murabaha | 6 | 13,314,703 | 17,649,048 |
| Advances from customers | 7 | 155,347,835 | 216,908,226 |
| Accounts payable | | 9,260,948 | 3,846,520 |
| Current portion of lease liability on right-of-use assets | 5 | 20,311,484 | 12,489,902 |
| Accrued expenses and other payables | | 20,021,392 | 15,525,492 |
| Zakat provision | | 3,828,902 | 4,213,889 |
| Total current liabilities | | 222,085,264 | 270,633,077 |
| Total liabilities | | 567,432,868 | 629,078,421 |
| Total equity and liabilities | | 1,267,526,903 | 1,333,800,424 |

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

NATIONAL COMPANY FOR LEARNING AND EDUCATION

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Amounts in Saudi Riyals)

| | Note | For the three-month period ended | | For the six-month period ended | |
|---|------|----------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | | 29 February 2024 (Unaudited) | 28 February 2023 (Unaudited) | 29 February 2024 (Unaudited) | 28 February 2023 (Unaudited) |
| Revenue | | 141,036,820 | 113,354,185 | 281,731,859 | 218,400,293 |
| Government grants and subsidies | | 3,981,540 | 3,455,948 | 7,702,522 | 6,507,388 |
| Cost of revenue | | (82,237,669) | (68,298,129) | (167,072,852) | (131,773,677) |
| Gross profit | | 62,780,691 | 48,512,004 | 122,361,529 | 93,134,004 |
| Marketing and advertising expenses | | (220,211) | (362,611) | (493,278) | (899,327) |
| General and administrative expenses | | (22,421,850) | (16,895,315) | (44,258,821) | (31,372,868) |
| Expected credit losses | | (1,500,000) | (1,200,000) | (3,450,000) | (3,200,000) |
| Other income | | 1,427,080 | 1,072,346 | 2,298,812 | 1,584,008 |
| Operating profit | | 40,065,710 | 31,126,424 | 76,458,242 | 59,245,817 |
| Finance cost and returns, net | 13 | (4,877,455) | (2,179,343) | (8,725,977) | (2,914,221) |
| Net profit for the period before Zakat | | 35,188,255 | 28,947,081 | 67,732,265 | 56,331,596 |
| Zakat expense | | (1,195,000) | (1,572,500) | (2,680,000) | (3,085,000) |
| Net profit for the period | | 33,993,255 | 27,374,581 | 65,052,265 | 53,246,596 |
| Earnings per share: | | | | | |
| Basic and diluted earnings per share | 14 | 0.79 | 0.64 | 1.51 | 1.24 |

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

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NATIONAL COMPANY FOR LEARNING AND EDUCATION


(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHANSIVE INCOME

(Amounts in Saudi Riyals)

| | For the three-month period ended | | For the six-month period ended | |
|--|----------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 29 February 2024 (Unaudited) | 28 February 2023 (Unaudited) | 29 February 2024 (Unaudited) | 28 February 2023 (Unaudited) |
| Net profit for the period | 33,993,255 | 27,374,581 | 65,052,265 | 53,246,596 |
| <u>Other comprehensive income</u> | | | | |
| <u>Items that will not be reclassified subsequently to profit or loss</u> | | | | |
| Actuarial (losses) gains on re-measurement of employees' benefits | 1,297,815 | (295,947) | 1,269,767 | 2,077,269 |
| Total items that will not be reclassified to profit or loss in subsequent periods | 1,297,815 | (295,947) | 1,269,767 | 2,077,269 |
| Total (other comprehensive loss) other comprehensive income for the period | 1,297,815 | (295,947) | 1,269,767 | 2,077,269 |
| Total comprehensive income for the period | 35,291,070 | 27,078,634 | 66,322,032 | 55,323,865 |

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



NATIONAL COMPANY FOR LEARNING AND EDUCATION

(A Saudi Joint Stock Company)

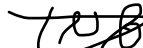
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in Saudi Riyals)

| | <u>Share Capital</u> | <u>Share Premium</u> | <u>Statutory Reserve</u> | <u>Retained Earnings</u> | <u>Total Equity</u> |
|---|--------------------------|--------------------------|------------------------------|------------------------------|-------------------------|
| Balance as at 31 August 2022 (Audited) | 430,000,000 | 100,985,697 | 38,598,251 | 80,963,888 | 650,547,836 |
| Net profit for the period | - | - | - | 53,246,596 | 53,246,596 |
| Other comprehensive income for the period | - | - | - | 2,077,269 | 2,077,269 |
| Total comprehensive income for the period | - | - | - | 55,323,865 | 55,323,865 |
| Dividends (Note 15) | - | - | - | (51,600,000) | (51,600,000) |
| Balance as at 28 February 2023 (Unaudited) | <u>430,000,000</u> | <u>100,985,697</u> | <u>38,598,251</u> | <u>84,687,753</u> | <u>654,271,701</u> |
| Balance as at 31 August 2023 (Audited) | 430,000,000 | 100,985,697 | 48,776,703 | 124,959,603 | 704,722,003 |
| Net profit for the period | - | - | - | 65,052,265 | 65,052,265 |
| Other comprehensive income for the period | - | - | - | 1,269,767 | 1,269,767 |
| Total comprehensive income for the period | - | - | - | 66,322,032 | 66,322,032 |
| Dividends (Note 15) | - | - | - | (70,950,000) | (70,950,000) |
| Balance as at 29 February 2024 (Unaudited) | <u>430,000,000</u> | <u>100,985,697</u> | <u>48,776,703</u> | <u>120,331,635</u> | <u>700,094,035</u> |

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





NATIONAL COMPANY FOR LEARNING AND EDUCATION

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

(Amounts in Saudi Riyals)

| | For the six-month period ended | |
|---|---|---|
| | 29 February 2024 (Unaudited) | 28 February 2023 (Unaudited) |
| Cash flows from operating activities | | |
| Net profit for the period before Zakat | 67,732,265 | 56,331,596 |
| Adjustments for: | | |
| Depreciation and amortization | 26,977,150 | 16,455,344 |
| Employees' benefits | 3,700,880 | 3,176,432 |
| Returns on short term Islamic Murabaha | (1,602,424) | (1,423,805) |
| Finance costs | 10,328,401 | 4,338,026 |
| Expected credit losses | 3,450,000 | 3,200,000 |
| | <u>110,586,272</u> | <u>82,077,593</u> |
| Changes in operating assets and liabilities | | |
| Accounts receivable | (27,460,066) | (25,026,066) |
| Inventory | 23,750 | 600,670 |
| Prepayments and other receivables | 7,563,200 | (7,178,225) |
| Accounts payable | 5,414,428 | 931,045 |
| Accrued expenses and other payables | 4,495,900 | 2,184,055 |
| Advances from customers | (61,560,391) | (21,732,744) |
| Cash from operations | <u>39,063,093</u> | <u>31,856,328</u> |
| Employees' benefits paid | (1,965,863) | (359,494) |
| Zakat paid | (3,064,987) | (2,498,286) |
| Net cash flows generated from operating activities | <u>34,032,243</u> | <u>28,998,548</u> |
| Cash Flows from investing activities | | |
| Purchase of property and equipment and projects in progress | (100,593,085) | (21,180,333) |
| Purchase of intangible assets | (433,500) | (320,000) |
| Net payments to acquire a subsidiary | - | (70,793,107) |
| Proceeds from returns on short term Islamic Murabaha | 1,602,424 | 1,423,805 |
| Net cash flows used in investing activities | <u>(99,424,161)</u> | <u>(90,869,635)</u> |
| Cash flows from financing activities | | |
| Proceeds from Islamic Murabaha | - | 40,000,000 |
| Repayment of Islamic Murabaha | (10,934,154) | (5,929,922) |
| Repayment of leases liabilities | (9,470,000) | (11,300,000) |
| Dividends paid | (70,950,000) | (51,600,000) |
| Net cash flows used in financing activities | <u>(91,354,154)</u> | <u>(28,829,922)</u> |
| Net change in cash and cash equivalents | <u>(156,746,072)</u> | <u>(90,701,009)</u> |
| Cash and cash equivalents at beginning of the period | <u>168,699,723</u> | <u>169,685,730</u> |
| Cash and cash equivalents at the end of the period | <u>11,953,651</u> | <u>78,984,721</u> |
| Non-cash transactions during the period | | |
| Actuarial gains from re-measurement of employees' benefits | 1,269,767 | 2,077,269 |
| Transferred from projects under progress | 29,500,782 | 79,881,460 |
| Transferred to accrued expenses and other payables, net | - | 206,040 |
| Right-of-use assets | - | 22,703,354 |
| Lease liability on right-of-use assets | - | 22,703,354 |

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





NATIONAL COMPANY FOR LEARNING AND EDUCATION

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 29 February 2024

1. ORGANIZATION AND ACTIVITIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Branch of Tarbyah Namouthajiyah Schools/ Qurtubah district registered under CR no. 1010867932 dated 16 Shaban 1444 H corresponding to 8 March 2023.

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

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

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

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

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

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

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

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

Branch of Al Ghad National Schools Company/ Riyadh registered under CR no. 1010787113 dated 6 Shaban 1443 H corresponding to 9 Mach 2022.

NATIONAL COMPANY FOR LEARNING AND EDUCATION

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)****For the six-month period ended 29 February 2024****1. ORGANIZATION AND ACTIVITIES (CONTINUED)**

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

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

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

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

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

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

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

| <u>Subsidiary Company</u> | <u>Country of incorporation</u> | <u>Ownership %</u> | |
|---|---------------------------------|-------------------------|-----------------------|
| | | <u>29 February 2024</u> | <u>31 August 2023</u> |
| Al Khwarizmi Educational Company | Kingdom of Saudi Arabia | 100 | 100 |
| Al Ghad National Schools Limited Company | Kingdom of Saudi Arabia | 100 | 100 |
| Revan Operation and Maintenance Limited Company | Kingdom of Saudi Arabia | 100 | 100 |
| Al Salam Education and Training Company | Kingdom of Saudi Arabia | 100 | 100 |

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

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

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

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

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

2. BASIS OF PREPARATION**Statement of compliance**

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

These interim condensed consolidated financial statements should be read in conjunction with the Group’s financial statements for the year ended 31 August 2023. These interim condensed consolidated financial statements do not include all the required information to prepare a full set of financial statements in accordance with IFRS, however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the previous year consolidated financial statements. The interim period is an integral part of the full fiscal year, however, the results of operations for the interim periods may not be indicative of the results of operations for the full year.

Basis of measurement

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

Functional and presentation currency

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

NATIONAL COMPANY FOR LEARNING AND EDUCATION
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the six-month period ended 29 February 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of consolidation

1) Business combinations

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

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

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

2) Subsidiaries

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

3) Non-controlling interest ("NCI")

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

4) Loss of control

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

b. Fair value measurement

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

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

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

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

NATIONAL COMPANY FOR LEARNING AND EDUCATION

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 29 February 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Fair value measurement (continued)

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

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

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

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

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

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

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

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

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

c. Revenue recognition

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

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

NATIONAL COMPANY FOR LEARNING AND EDUCATION

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Revenue recognition (continued)

Identify the contract with customer

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

Identify the performance obligations

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

Determine the transaction price

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

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

Allocation of transaction price

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

Recognition of revenue

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

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

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

Education services

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

Other operating income

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Financial instruments

Classification and measurement of financial assets and financial liabilities

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

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

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

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

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

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

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

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

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

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Financial instruments (continued)

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

Impairment of financial asset

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

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

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

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

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

Measurement of ECLs

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

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

Impaired financial assets

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

Presentation of impairment

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

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

Financial liabilities

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Financial instruments (continued)

Disposal

Financial assets

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

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

Financial liabilities

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

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

e. Share premium

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

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4. PROPERTY AND EQUIPMENT

| | Lands (*) | Buildings and improvements on buildings | Furniture and fixtures | Computers and equipment | Motor vehicles | Projects in progress (**) | Total |
|--|--------------------|--|-------------------------------|--------------------------------|-----------------------|----------------------------------|----------------------|
| <u>Cost</u> | | | | | | | |
| As at 1 September 2022 | 157,291,175 | 317,412,611 | 52,562,947 | 79,324,858 | 9,862,108 | 119,387,619 | 735,841,318 |
| Additions during the year | 39,722,635 | 47,105,803 | 13,727,087 | 19,244,790 | 4,622,320 | 47,117,666 | 171,540,301 |
| Disposals during the year | - | - | (136,532) | (296,928) | (1,822,899) | - | (2,256,359) |
| Transfers | 19,750,000 | 44,645,015 | 3,486,634 | 11,999,811 | - | (79,881,460) | - |
| 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 | - | 2,315,644 | 9,033,755 | 14,784,348 | 183,000 | 74,276,338 | 100,593,085 |
| Transfers | - | 21,981,287 | 4,761,786 | 2,757,709 | - | (29,500,782) | - |
| As at 29 February 2024 | 216,763,810 | 433,460,360 | 83,435,677 | 127,814,588 | 12,844,529 | 131,399,381 | 1,005,718,345 |
| <u>Accumulated depreciation</u> | | | | | | | |
| As at 1 September 2022 | - | 81,248,767 | 32,800,982 | 52,319,139 | 8,065,517 | - | 174,434,405 |
| Charge for the year | - | 21,473,102 | 6,090,319 | 8,387,854 | 439,287 | - | 36,390,562 |
| Disposals during the year | - | - | (136,532) | (296,928) | (1,822,899) | - | (2,256,359) |
| As at 31 August 2023 | - | 102,721,869 | 38,754,769 | 60,410,065 | 6,681,905 | - | 208,568,608 |
| Charge for the period | - | 3,976,256 | 3,466,698 | 4,107,461 | 346,525 | - | 11,896,940 |
| As at 29 February 2024 | - | 106,698,125 | 42,221,467 | 64,517,526 | 7,028,430 | - | 220,465,548 |
| <u>Net book value</u> | | | | | | | |
| As at 29 February 2024 | 216,763,810 | 326,762,235 | 41,214,210 | 63,297,062 | 5,816,099 | 131,399,381 | 785,252,797 |
| 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 |

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

(**) The projects in progress includes Al Qasr Scheme Project in Khobar, which comprises of two plots with a total amount of SR 18,185,377 as at 29 February 2024, mortgaged to a local bank. these lands shall be released upon settlement of the last installment on 18 May 2025 (Note 6-2).

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

| <u>Right-of-use assets</u> | <u>29 February 2024</u> | <u>31 August 2023</u> |
|---|--------------------------------|------------------------------|
| Balance at the beginning of the period / year | 287,947,376 | 126,073,110 |
| Additions during the period / year | - | 177,554,540 |
| Depreciation for the period / year | (13,850,106) | (15,680,274) |
| Balance at end of the period / year | <u>274,097,270</u> | <u>287,947,376</u> |
| | | |
| <u>Leases liabilities on the right-of-use assets</u> | <u>29 February 2024</u> | <u>31 August 2023</u> |
| Balance at the beginning of the period / year | 282,511,067 | 131,454,567 |
| Additions during the period / year | - | 177,554,540 |
| Interest expense on leases liabilities for the period / year | 7,646,495 | 6,671,960 |
| Lease payments during the period / year | (9,470,000) | (33,170,000) |
| Balance at end of the period / year | <u>280,687,562</u> | <u>282,511,067</u> |
| | | |
| Current portion of lease liability on right-of-use assets | 20,311,484 | 12,489,902 |
| Non-current portion of lease liability on right-of-use assets | 260,376,078 | 270,021,165 |
| Lease liability on right-of-use assets | <u>280,687,562</u> | <u>282,511,067</u> |

6. ISLAMIC MURABAHA

Islamic Murabaha from commercial banks

- 6-1 Murabaha from a commercial bank to finance purchasing a plot in Al-Qairawan District in Riyadh on 7 March 2016 corresponding to 27 Jumada Al Awal 1437H. Murabaha has been obtained in the amount of SR 40,697,967 including returns with the amount of SR 9,721,973 at a profit return rate of 7.5% provided that Murabaha shall be repaid in ten equal semi-annual installments of SR 4,069,797 each. The first installment was repaid on 10 September 2017. Murabaha has been obtained through mortgaging this plot in the name of a subsidiary of the bank as a collateral, During the current period, the last installment has been paid and the company is still in the process of finalizing the mortgage release procedures (Note 4).
- 6-2 Murabaha from a commercial bank to finance purchasing plots in Khobar on 18 May 2017 corresponding to 21 Sha'ban 1438H. Murabaha has been obtained amounting in the amount of SR 16,975,695 including returns with the amount of SR 4,341,174 at a profit return rate of 8.25% to purchase two plots to build schools in Khobar provided that Murabaha shall be repaid in ten equal semi-annual installments of SR 1,626,808 each. The first installment was repaid on 18 November 2018. Murabaha has been obtained through mortgaging this plot in the name of a subsidiary of the mentioned bank, and the same shall be released upon settlement of the last installment on 18 May 2025 (Note 4).

As of 29 February 2024, the balance of Murabaha amounted to SR 4,880,424.

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6. ISLAMIC MURABAHA (CONTINUED)

Islamic Murabaha from commercial banks (Continued)

- 6-3 Murabaha from a commercial bank to finance a school complex in Al-Qairawan district in Riyadh and a school complex in Khobar on 15 August 2017 corresponding to 23 Dhul Qi'dah 1438H. The facility agreement has been approved by the General Assembly in its meeting held on 8 January 2018 corresponding to 21 Rabi II 1439H as a facility with a limit of SR 150 million has been obtained for a period of 7 years includes returns at profit return rate at SIBOR +2% provided that the facility shall be repaid in semi-annual installments. The facility has been obtained through mortgaging real estates of the facility in addition to a promissory note with the maximum limit of the amount or outstanding thereof and amerceable bail and performing by the Chairman and the Managing Director at the date of obtaining Murabaha. An amount of SR 1,269,585 has been utilized including returns of SR 360,495. The first installment will be paid on 13 January 2019. All remaining installments have been paid early on 23 March 2023.
- 6-4 Murabaha from a commercial bank to finance part of the acquisition of Al-Salam Education and Training Company (the owner of Al-Salam Private Schools in Al-Khobar) on 1 December 2022, corresponding to 7 Jumada Al-Awwal 1444H, where a Murabaha was obtained in the amount of 47,491,058 Saudi riyals, including returns of 7,491,058 riyals Saudi with a profit rate of 6.8%, provided that the Murabaha is paid in ten semi-annual installments, and the first installment payment begins on 29 May 2023. The Murabaha was obtained by mortgaging a plot of land registered in the name of one of the group's subsidiaries, in addition to a promissory note for the value of the total facilities on the date of obtaining the Murabaha (Note 4).

As of 29 February 2024, the balance of Murabaha amounted to SR 36,915,819.

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

| | <u>29 February 2024</u> | <u>31 August 2023</u> |
|---|-------------------------|-----------------------|
| Balance at beginning of the period / year | 52,730,397 | 22,786,847 |
| Additions during the period / year | - | 47,491,058 |
| Paid during the period / year | (10,934,154) | (17,502,618) |
| Early repayment discount | - | (44,890) |
| Balance at end of period / year | <u>41,796,243</u> | <u>52,730,397</u> |

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

| | <u>29 February 2024</u> | <u>31 August 2023</u> |
|---|-------------------------|-----------------------|
| Total Islamic Murabaha at end of period / year | 41,796,243 | 52,730,397 |
| <u>Less: deferred finance charges</u> | | |
| Balance at beginning of the period / year | (5,675,170) | (536,773) |
| Additions during the period / year | - | (7,491,058) |
| Finance charges during the period/ year | 1,223,156 | 2,352,661 |
| Balance at end of the period / year | <u>(4,452,014)</u> | <u>(5,675,170)</u> |
| Present value of Islamic Murabaha at end of the period/year | <u>37,344,229</u> | 47,055,227 |
| Current portion of Islamic Murabaha | <u>13,314,703</u> | 17,649,048 |
| Non-current portion of Islamic Murabaha | <u>24,029,526</u> | 29,406,179 |
| Present value of Islamic Murabaha at end of the period/ year | <u>37,344,229</u> | 47,055,227 |

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7. ADVANCES FROM CUSTOMERS

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

8. FINANCIAL ASSETS AND LIABILITIES

8-1 Financial assets

| | <u>29 February 2024</u> | <u>31 August 2023</u> |
|---|-------------------------|-----------------------|
| <u>Financial assets at amortized cost:</u> | | |
| Accounts receivable | 46,210,643 | 22,200,577 |
| Assets in other debit balances | 3,680,175 | 5,737,240 |
| Cash and cash equivalents | 11,953,651 | 168,699,723 |
| Total financial assets at amortized cost | 61,844,469 | 196,637,540 |

8-2 Financial liabilities

| | <u>29 February 2024</u> | <u>31 August 2023</u> |
|--|-------------------------|-----------------------|
| <u>Financial liabilities at amortized cost:</u> | | |
| Islamic Murabaha | 37,344,229 | 47,055,227 |
| Accounts payable | 9,260,948 | 3,846,520 |
| Lease liability on right-of-use assets | 280,687,562 | 282,511,067 |
| Accrued expenses and other payables | 20,021,392 | 15,525,492 |
| Total financial liabilities at amortized cost | 347,314,131 | 348,938,306 |
| Current portion of financial liabilities | 62,908,527 | 49,510,962 |
| Non-current portion of financial liabilities | 284,405,604 | 299,427,344 |
| Total financial liabilities | 347,314,131 | 348,938,306 |

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

9. SHARE CAPITAL

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

10. COMMITMENTS

| | <u>29 February 2024</u> | <u>31 August 2023</u> |
|---|-------------------------|-----------------------|
| Contractual commitments for suppliers | 18,329,763 | 15,195,826 |
| Capital commitments - projects in progress* | 22,178,511 | 88,716,258 |
| | 40,508,274 | 103,912,084 |

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

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11. RELATED PARTIES

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

| <u>Name of related parties</u> | <u>Nature of transaction</u> | <u>29 February 2024</u> | <u>28 February 2023</u> |
|--|-------------------------------------|--------------------------------|--------------------------------|
| Yamami Holding Company (affiliate) | Building lease | 7,950,000 | 7,950,000 |
| Key management compensations | | | |
| | | <u>29 February 2024</u> | <u>28 February 2023</u> |
| Salaries and other short-term benefits | | 2,514,551 | 1,778,000 |
| End of service benefits charged for the period | | 298,642 | 118,090 |
| | | <u>2,813,193</u> | <u>1,896,090</u> |
| Board of Directors' remuneration and related benefits | | | |
| | | <u>29 February 2024</u> | <u>28 February 2023</u> |
| Board of directors' remunerations and benefits | | 915,944 | 583,505 |
| | | <u>915,944</u> | <u>583,505</u> |

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12. SEGMENT REPORTING

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

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

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

Six-months period ended 29 February 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 | 43,582,910 | 40,866,343 | 39,042,101 | 12,010,841 | 14,896,328 | 9,289,100 | 17,550,776 | 40,714,512 | 23,299,248 | 10,220,761 | 15,021,247 | 11,257,685 | 3,980,007 | 3,975,025 | - | (3,975,025) | 281,731,859 |
| Government grants and subsidies | 1,091,000 | 643,500 | 896,900 | 472,600 | 906,800 | - | 468,140 | 1,206,500 | 978,500 | 319,832 | 191,750 | 349,000 | 178,000 | - | - | - | 7,702,522 |
| Cost of revenue | (25,406,247) | (21,594,823) | (19,542,323) | (6,535,510) | (10,626,466) | (4,118,288) | (11,800,483) | (19,502,877) | (13,780,004) | (5,962,928) | (10,037,432) | (10,094,528) | (5,431,183) | (3,644,594) | - | 1,004,834 | (167,072,852) |
| Gross profit | 19,267,663 | 19,915,020 | 20,396,678 | 5,947,931 | 5,176,662 | 5,170,812 | 6,218,433 | 22,418,135 | 10,497,744 | 4,577,665 | 5,175,565 | 1,512,157 | (1,273,176) | 330,431 | - | (2,970,191) | 122,361,529 |
| Property and equipment | 102,781,776 | 70,304,999 | 78,805,530 | 35,744,073 | 52,628,462 | 7,018,326 | 1,418,453 | 141,580,387 | 6,993,549 | 70,117,291 | 64,703,268 | 10,041,898 | 6,374,959 | 5,340,445 | 131,399,381 | - | 785,252,797 |
| Depreciation | 1,774,873 | 1,178,670 | 1,435,879 | 618,118 | 1,110,254 | 266,363 | 202,361 | 2,009,602 | 539,756 | 1,010,363 | 502,769 | 836,066 | 382,110 | 29,756 | - | -- | 11,896,940 |

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12. SEGMENT REPORTING (CONTINUED)

Six-months period ended 28 February 2023

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

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

NATIONAL COMPANY FOR LEARNING AND EDUCATION
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
For the six-month period ended 29 February 2024
(Amounts in Saudi Riyals)

12. SEGMENT REPORTING (CONTINUED)

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

| | <u>29 February 2024</u> | <u>28 February 2023</u> |
|--|-------------------------|-------------------------|
| Gross profit from sectors | 122,361,529 | 93,134,004 |
| Marketing and advertising expenses | (493,278) | (899,327) |
| General and administrative expenses | (44,258,821) | (31,372,868) |
| Expected credit losses | (3,450,000) | (3,200,000) |
| Other income | 2,298,812 | 1,584,008 |
| Finance costs and returns, net | (8,725,977) | (2,914,221) |
| Total unallocated amount | (54,629,264) | (36,802,408) |
| Net profit for the period before Zakat | <u>67,732,265</u> | <u>56,331,596</u> |

13. FINANCE COSTS AND RETURNS, NET

| | <u>29 February 2024</u> | <u>28 February 2023</u> |
|--------------------------------------|-------------------------|-------------------------|
| Interests on lease liabilities | 7,646,495 | 2,325,196 |
| Interest cost of employee's benefits | 1,458,750 | 1,137,750 |
| Finance costs for Islamic Murabaha | 1,223,156 | 875,080 |
| Short term Islamic Murabaha returns | (1,602,424) | (1,423,805) |
| | <u>8,725,977</u> | <u>2,914,221</u> |

14. BASIC AND DILUTED EARNINGS PER SHARE

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

| | <u>29 February 2024</u> | <u>28 February 2023</u> |
|-----------------------------------|-------------------------|-------------------------|
| Net profit for the period | 65,052,265 | 53,246,596 |
| Weighted average number of shares | 43,000,000 | 43,000,000 |
| | <u>1.51</u> | <u>1.24</u> |

15. DIVIDEND

During the financial period ending on 29 February 2024, the Ordinary General Assembly, held on 27 December 2023 approved the distribution of dividends to shareholders amounting to 70,950,000 Saudi riyals at 1.65 riyals per share.

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

16. APPROVAL OF FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved for issuance on 25 Ramadan 1445 H (corresponding to 4 April 2024 G).