



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

Consolidated Financial Statements
For the year ended 31 July 2025
and the Independent Auditor's Report

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(A Saudi Joint Stock Company)
Consolidated Financial Statements
For the year ended 31 July 2025

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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 2025, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of change in equity, and consolidated statement of cash flows for the year then ended 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 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended, 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 ("ISAs") 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 Group 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 year ended as at 31 July 2025 (twelve months), with comparative figures for the period from 1 September 2023 to 31 July 2024 (eleven months). 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 significant in our audit of the consolidated financial statements for the current year. 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.

Independent auditor's report on the audit of the consolidated financial statements of National Company for Learning and Education for the year ended 31 July 2025 (continued)

Key Audit Matters (continued)

Key Audit Matters	How our audit addressed the key audit matter
Revenue Recognition from Education Service During the year ended 31 July 2025, the group's revenue from educational services amounted to 645.6 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. (21) regarding revenues and Note No. (32) 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 discount granted to students and comparing them with supporting documents to verify the 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 at 31 July 2025, 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. (7) 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 2026 to 2030. 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 assumptions used by management regarding the revenue growth rate, gross profit margin and long-term growth rate, taking into account the current and future economic conditions of the cash-generating unit, and compared the key assumptions to historical actual results. - 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.

Independent auditor's report on the audit of the consolidated financial statements of National Company for Learning and Education for the year ended 31 July 2025 (continued)

Key Audit Matters (continued)

<u>Measurement of expected credit losses</u>	
As at 31 July 2025, the total amount of receivables amounted to 98.6 million Saudi riyals and the balance of expected credit losses amounted to 23.3 million Saudi riyals. The Group'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. (10) regarding receivables, and Note No. (30b) 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.

Independent auditor's report on the audit of the consolidated financial statements of National Company for Learning and Education for the year ended 31 July 2025 (continued)

Other Information

Other information consists of the information included in the Group's annual report for the year ended 31 July 2025, 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.

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 issued by SOCPA and Regulations for Companies and the 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 Company's Board 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 ISAs 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.

Independent auditor's report on the audit of the consolidated financial statements of National Company for Learning and Education for the year ended 31 July 2025 (continued)

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

As part of an audit in accordance with ISAs 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 Mohamed Al-Amri
Certified Public Accountant
License No. 362



Riyadh, on: 5 Jumada al Ula 1447 (H)
Corresponding to: 27 October 2025 (G)

NATIONAL COMPANY FOR LEARNING AND EDUCATION
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 July 2025
(Amounts in Saudi Riyals)

	Notes	31 July 2025	31 July 2024
Assets			
Non-current assets			
Property and equipment	6	909,440,663	797,008,548
Advance payments to suppliers	11	16,598,402	13,131,372
Intangible assets and goodwill	7	87,966,807	90,014,624
Right-of-use assets	8	325,166,770	264,871,862
Total non-current assets		1,339,172,642	1,165,026,406
Current assets			
Inventory	9	9,603,724	2,789,766
Accounts receivable	10	75,285,208	49,518,640
Prepayments and other receivables	11	38,708,779	45,806,348
Cash and cash equivalents	12	26,527,008	36,344,216
Total current assets		150,124,719	134,458,970
Total assets		1,489,297,361	1,299,485,376
Equity and liabilities			
Equity			
Share capital	18	430,000,000	430,000,000
Share premium	19	100,985,697	100,985,697
Retained earnings		331,005,524	262,336,838
Total equity		861,991,221	793,322,535
Liabilities			
Non-current liabilities			
Non-current portion of Islamic Murabaha	13	57,732,088	18,510,541
Employees' benefits	17	69,750,000	62,426,000
Non-current portion of lease liability on right-of-use assets	8	326,582,397	261,357,358
Total non-current liabilities		454,064,485	342,293,899
Current liabilities			
Current portion of Islamic Murabaha	13	31,012,073	13,029,230
Advances from customers	14	71,998,082	80,172,244
Accounts payable		16,631,084	13,647,179
Current portion of lease liability on right-of-use assets	8	24,954,529	21,237,983
Accrued expenses and other payables	15	24,904,090	29,198,302
Zakat Provision	16	3,741,797	6,584,004
Total current liabilities		173,241,655	163,868,942
Total liabilities		627,306,140	506,162,841
Total equity and liabilities		1,489,297,361	1,299,485,376

The accompanying notes from (1) through (35) 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 year ended 31 July 2025
(Amounts in Saudi Riyals)

	Notes	For the year ended 31 July 2025	For the period ended 31 July 2024
Revenue	21	657,896,566	565,470,136
Government grants and subsidies	22	11,913,577	13,463,034
Cost of revenue	23	(376,160,194)	(297,701,751)
Gross profit		293,649,949	281,231,419
Marketing and advertising expenses		(9,991,007)	(7,238,205)
General and administrative expenses	24	(103,091,974)	(89,298,950)
Reversal of allowance / (allowance) for expected credit loss	10	1,730,000	(6,950,000)
Other income	25	3,910,696	2,973,521
Operating profit		186,207,664	180,717,785
Finance costs and returns, net	26	(24,087,756)	(17,450,384)
Profit for the year / period before Zakat		162,119,908	163,267,401
Zakat expense	16	(1,409,081)	(5,435,102)
Net profit for the year / period		160,710,827	157,832,299
Earnings per share:			
Basic and diluted earnings per share for the year / period	27	3.74	3.67

The accompanying notes (1) through (35) form an integral part of these consolidated financial statements



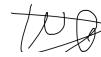


NATIONAL COMPANY FOR LEARNING AND EDUCATION
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 July 2025
(Amounts in Saudi Riyals)

	Notes	For the year ended 31 July 2025	For the period ended 31 July 2024
Net profit for the year / period		160,710,827	157,832,299
<u>Items that will not be reclassified subsequently to profit or loss</u>			
Actuarial (losses) / gains from re-measurement of employees' benefits	17	(1,742,141)	1,718,233
Total items that will not be reclassified subsequently to profit or loss		(1,742,141)	1,718,233
Total items of (other comprehensive loss) / other comprehensive income for the year / period		(1,742,141)	1,718,233
Total comprehensive income for the year / period		158,968,686	159,550,532

The accompanying notes from (1) through (35) 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 year ended 31 July 2025
(Amounts in Saudi Riyals)

	<u>Share capital</u>	<u>Share premium</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total owners' equity</u>
Balance as at 31 August 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 from statutory reserve (note 20)	-	-	(48,776,703)	48,776,703	-
Dividends (note 33)	-	-	-	(70,950,000)	(70,950,000)
Balance as at 31 July 2024	<u>430,000,000</u>	<u>100,985,697</u>	<u>-</u>	<u>262,336,838</u>	<u>793,322,535</u>
Balance as at 31 July 2024	430,000,000	100,985,697	-	262,336,838	793,322,535
Net profit for the year	-	-	-	160,710,827	160,710,827
Other comprehensive loss for the year	-	-	-	(1,742,141)	(1,742,141)
Total comprehensive income for the year	-	-	-	158,968,686	158,968,686
Dividends (note 33)	-	-	-	(90,300,000)	(90,300,000)
Balance as at 31 July 2025	<u>430,000,000</u>	<u>100,985,697</u>	<u>-</u>	<u>331,005,524</u>	<u>861,991,221</u>

The accompanying notes from (1) through (35) 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 year ended 31 July 2025
(Amounts in Saudi Arabian Riyals)

	Notes	For the year ended 31 July 2025	For the period ended 31 July 2024
Cash flows from operating activities			
Profit for the year / period before Zakat		162,119,908	163,267,401
Adjustments for:			
Reversal of allowance / (allowance) for expected credit loss	10	(1,730,000)	6,950,000
Impairment for inventory	9	-	408,592
Depreciation and amortization	6,7,8	62,557,724	49,600,379
Gains from selling property and equipment	25	(222,274)	-
Employees' benefits	17	7,498,000	6,555,083
Finance costs	26	25,858,284	19,052,808
Return on short-term Islamic Murabaha	26	(1,770,528)	(1,602,424)
		254,311,114	244,231,839
Changes in operating assets and liabilities			
Accounts receivable		(24,036,568)	(34,268,063)
Inventory		(6,813,958)	(1,051,022)
Prepayments and other receivables		3,630,539	5,668,565
Accounts payable		2,983,905	9,800,659
Accrued expenses and other payables		(4,294,212)	13,672,810
Advances from customers		(8,174,162)	(136,735,982)
Cash generated from operating activities		217,606,658	101,318,806
Zakat paid, net	16	(4,251,288)	(3,064,987)
Employees' benefits paid	17	(5,272,141)	(4,102,767)
Net cash flows generated from operating activities		208,083,229	94,151,052
Cash flows from investing activities			
Purchase of property, equipment and projects in progress	6	(140,837,506)	(122,246,435)
Purchase of intangible assets	7	(506,540)	(638,500)
Proceeds from return on short-term Islamic Murabaha	26	1,770,528	1,602,424
Proceeds from selling property and equipment		223,479	-
Net cash flows used in investing activities		(139,350,039)	(121,282,511)
Cash flow from financing activities			
Proceeds of Islamic Murabaha	13	71,319,000	-
Repayment of Islamic Murabaha	13	(17,495,648)	(17,649,048)
Dividends paid	33	(90,300,000)	(70,950,000)
Lease liabilities paid	8	(42,073,750)	(16,625,000)
Net cash flows used in financing activities		(78,550,398)	(105,224,048)
Net change in cash and cash equivalents		(9,817,208)	(132,355,507)
Cash and cash equivalents at beginning of the year / period		36,344,216	168,699,723
Cash and cash equivalents at end of the year / period	12	26,527,008	36,344,216
Non-cash transactions			
Actuarial (losses) / gains on re-measurement of employees' benefits	17	(1,742,141)	1,718,233
Transferred from project in progress to property and equipment	6	77,620,325	29,500,782
Right-of-use assets	8	91,868,424	2,463,975
Lease liability on right-of-use assets	8	91,868,424	2,463,975
Capitalized finance costs on projects in progress	6	25,665	-

The accompanying notes from (1) through (35) form an integral part of these consolidated financial statements

NATIONAL COMPANY FOR LEARNING AND EDUCATION
(A Saudi Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2025

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 Al-Awwal 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 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 Muharram 1443H 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 Al-Akhar 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.

NATIONAL COMPANY FOR LEARNING AND EDUCATION
(A Saudi Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2025
(Amounts in Saudi Riyals)

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 Al-Akhar 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 Al-Awwal 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 consolidated financial statements were prepared for the comparative period from 1 September 2023 to 31 July 2024 (Eleven months), after which each fiscal year becomes twelve months. Accordingly, the amounts presented in the consolidated financial statements are not entirely comparable.

NATIONAL COMPANY FOR LEARNING AND EDUCATION
(A Saudi Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2025
(Amounts in Saudi Riyals)

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”):

<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Shareholding (%)</u>	
		<u>31 July</u> <u>2025</u>	<u>31 July</u> <u>2024</u>
Al Khwarizmi Educational Company	Kingdom of Saudi Arabia	100	100
Al Ghad National Schools Company	Kingdom of Saudi Arabia	100	100
Refan Operation and Maintenance Company	Kingdom of Saudi Arabia	100	100
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

NATIONAL COMPANY FOR LEARNING AND EDUCATION
(A Saudi Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2025
(Amounts in Saudi Riyals)

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, INTERPRETATIONS AND AMENDMENTS

- **New standards, interpretations, and amendments yet effective**

The Group has adopted the following new standards and amendments for the first time in its annual reporting period beginning on 1 January 2025:

Amendments to IAS 21 – Lack of Exchangeability

The amendments apply when an entity has a foreign currency transaction or operation that cannot be exchanged into another currency at the measurement date for a specified purpose.

The adoption of this amendment is not expected to have a material impact on the Group’s consolidated financial statements for the year ending 31 July 2025.

- **New standards, interpretations, and amendments not yet effective**

There are number of standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board (“IASB”) that are effective in future accounting periods.

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
IFRS 9 and IFRS 7	Amendments regarding the classification and measurement of financial instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards	Amendments/Annual improvements in IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	1 January 2026
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19	Disclosures – Subsidiaries without Public Accountability	1 January 2027

The Group is currently assessing the impact of these new accounting standards and amendments. The Company does not expect any standard issued by IASB that is yet to be effective, to have a material impact on the Group.

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.

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 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)

d) 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)

d) 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.

e) 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)

e) 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.

f) 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 losses.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

g) 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)

g) 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)

h) 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.

i) 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.

j) 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)

k) 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.

l) 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)

l) 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 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 rendered for each academic year separately 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.

m) Dividends

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

n) 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.

o) 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)

p) 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.

q) 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.

r) 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.

s) Islamic Murabaha

Long-term Islamic Murabaha are initially recognized at their fair value (being proceeds received, net of eligible transaction costs incurred, if any). Subsequent to initial recognition long-term Islamic Murabaha 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 Islamic Murabaha using the effective interest rate method.

Islamic Murabaha 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)

t) 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 annual 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 due 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 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.

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6. PROPERTY AND EQUIPMENT

	Lands *	Buildings and improvements on buildings	Furniture and fixture	Computers and equipment	Motor vehicles	Projects in progress	Total
<u>Cost</u>							
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	9,738,308	15,693,507	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	84,140,230	128,719,297	16,493,610	147,721,938	1,027,367,245
Additions during the year	-	12,625,357	14,471,308	12,799,705	1,965,001	99,001,800	140,863,171
Transfers from project in progress	-	54,627,418	7,802,937	15,189,970	-	(77,620,325)	-
Disposals during the year	-	-	-	(4,277,264)	-	-	(4,277,264)
As at 31 July 2025	216,763,810	500,781,135	106,414,475	152,431,708	18,458,611	169,103,413	1,163,953,152
<u>Accumulated depreciation</u>							
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
Charge for the year	-	10,017,819	7,249,035	10,082,578	1,080,419	-	28,429,851
Disposals during the year	-	-	-	(4,276,059)	-	-	(4,276,059)
As at 31 July 2025	-	120,060,191	52,187,936	73,849,505	8,414,857	-	254,512,489
<u>Net book value</u>							
As at 31 July 2025	216,763,810	380,720,944	54,226,539	78,582,203	10,043,754	169,103,413	909,440,663
As at 31 July 2024	216,763,810	323,485,988	39,201,329	60,676,311	9,159,172	147,721,938	797,008,548

* Include the land of Al Salam National Schools /Al Khobar city amounting to 36,802,500 Saudi riyals mortgaged to a local bank and will be released upon the settlement of the last installment on 29 November 2027 (note 13-1).

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6. PROPERTY AND EQUIPMENT (CONTINUED)

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

	For the year ended 31 July 2025	For the period ended 31 July 2024
Cost of revenue (note 23)	26,886,793	20,712,317
General and administrative expenses (note 24)	1,543,058	1,082,222
	<u>28,429,851</u>	<u>21,794,539</u>

Projects in progress represent in the following:

	For the year ended 31 July 2025	For the period ended 31 July 2024
Al-Rabie project (6-1)	38,316,306	-
North Obhur in Jeddah (6-2)	28,715,003	-
Hetteen project (6-3)	25,383,755	44,981,347
Al- Narjis project (6-4)	22,047,189	39,081,076
Al-Qasr scheme project in Khobar (6-5)	18,584,171	18,544,171
Ishbilyah project (6-6)	18,187,480	-
Qurtubah project (6-7)	17,869,509	45,115,344
	<u>169,103,413</u>	<u>147,721,938</u>

- 6-1 The project represents mainly the value of land in Al-Rabie district in the city of Riyadh in addition to construction works to establish educational complex. The value of land purchase and construction works is amounting to 38,316,306 Saudi riyals as at 31 July 2025.
- 6-2 The project represents mainly the value of land in North Obhur district in the city of Jeddah in addition construction works to establish educational complex. The value of land purchase and construction works is amounting to 28,715,003 Saudi riyals as at 31 July 2025.
- 6-3 The project represents construction works to establish educational complex in Hetteen district in the city of Riyadh. The value of construction works is amounting to 25,383,755 Saudi riyals as at 31 July 2025, the amount transferred to property and equipment during the year is 25,349,886 Saudi Riyals.
- 6-4 The project represents construction works to establish educational complex in Al- Narjis district in the city of Riyadh. The value of construction works is amounting to 22,047,189 Saudi riyals as at 31 July 2025, the amount transferred to property and equipment during the year is 22,005,864 Saudi Riyals.
- 6-5 The project represents mainly the purchase value of two plots of lands in Al Qasr scheme in Khobar amounting to 18,584,171 Saudi riyals as at 31 July 2025 to establish educational complex.
- 6-6 The project represents mainly the value of land in Ishbilyah district in the city of Riyadh as well as the construction works to establish educational complex. The value of land purchase and construction works is amounting to 18,187,480 Saudi riyals as at 31 July 2025.
- 6-7 The project represents construction works to establish educational complex in Qurtubah district in the city of Riyadh. The value of construction works is amounting to 17,869,509 Saudi riyals as at 31 July 2025, the amount transferred to property and equipment during the year is 30,264,575 Saudi riyals.

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7. INTANGIBLE ASSETS AND GOODWILL

	Goodwill (*)	Student's list	Computer software	Total
<u>Cost</u>				
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
Addition during the year	-	-	506,540	506,540
As at 31 July 2025	82,805,452	14,106,103	3,981,898	100,893,453
<u>Accumulated Amortization</u>				
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 July 2024	-	8,179,268	2,193,021	10,372,289
Amortization during the year	-	2,098,315	456,042	2,554,357
As at 31 July 2025	-	10,277,583	2,649,063	12,926,646
<u>Net book value</u>				
As at 31 July 2025	82,805,452	3,828,520	1,332,835	87,966,807
As at 31 July 2024	82,805,452	5,926,835	1,282,337	90,014,624

(*) Goodwill was allocated to the following Cash-generating units of the Group:

	Al-Rawabi	Al-Khwarizmi	Al-Ghad	Refan	Al-Salam	Total
<u>Cost</u>						
As at 31 July 2025	11,357,834	22,208,000	37,475,000	1,251,753	10,512,865	82,805,452
As at 31 July 2024	11,357,834	22,208,000	37,475,000	1,251,753	10,512,865	82,805,452

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

	For the year ended 31 July 2025	For the period ended 31 July 2024
General and administrative expenses (note 24)	2,554,357	2,266,351
	2,554,357	2,266,351

***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 2025.

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.

7. 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	13.02%	15.02%	13.02%	20.02%	13.02%
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.

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

Right-of-use assets

	31 July 2025	31 July 2024
Balance at the beginning of the year / period	264,871,862	287,947,376
Additions during the year / period	91,868,424	2,463,975
Depreciation for the year / period	(31,573,516)	(25,539,489)
Balance at end of the year / period	325,166,770	264,871,862

Leases liabilities on the right-of-use assets

	31 July 2025	31 July 2024
Balance at the beginning of the year / period	282,595,341	282,511,067
Additions during the year / period	91,868,424	2,463,975
Interest on lease liabilities (note 26)	19,146,911	14,245,299
Payments during the year / period	(42,073,750)	(16,625,000)
Balance at end of the year / period	351,536,926	282,595,341

Current portion of lease liability on right-of-use assets	24,954,529	21,237,983
Non-current portion of lease liability on right-of-use assets	326,582,397	261,357,358
Lease liability on right-of-use assets	351,536,926	282,595,341

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

	For the year ended 31 July 2025	For the period ended 31 July 2024
Cost of revenue (note 23)	31,115,240	22,194,337
General and administrative expenses (note 24)	458,276	3,345,152
	31,573,516	25,539,489

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9. INVENTORY

	<u>31 July 2025</u>	<u>31 July 2024</u>
Uniforms, publications and school books	10,012,316	3,198,358
Less: Impairment of inventory	(408,592)	(408,592)
	<u>9,603,724</u>	<u>2,789,766</u>

Movement in impairment of inventory during the year / period is as follows:

	<u>31 July 2025</u>	<u>31 July 2024</u>
Balance at the beginning of the year / period	408,592	-
Charged during the year / period	-	408,592
Balance at the end of the year / period	<u>408,592</u>	<u>408,592</u>

10. ACCOUNTS RECEIVABLE

	<u>31 July 2025</u>	<u>31 July 2024</u>
Accounts receivable	98,630,058	75,477,167
Less: Expected credit loss of receivables	(23,344,850)	(25,958,527)
	<u>75,285,208</u>	<u>49,518,640</u>

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

	<u>31 July 2025</u>	<u>31 July 2024</u>
Balance at the beginning of the year / period	25,958,527	19,473,731
Used during the year / period	(883,677)	(465,204)
Reversal of allowance / (allowance) during the year / period	(1,730,000)	6,950,000
Balance at the end of the year / period	<u>23,344,850</u>	<u>25,958,527</u>

The Group provides the expected credit losses by applying the simplified approach.

11. PREPAYMENTS AND OTHER RECEIVABLES

	<u>31 July 2025</u>	<u>31 July 2024</u>
Advances to suppliers (*)	28,064,115	32,556,872
Prepaid expenses	12,924,893	5,910,125
Value-added tax	11,661,050	16,183,977
Employees' advances and custodies	2,835,282	3,426,174
Others	700,001	1,738,732
	<u>56,185,341</u>	<u>59,815,880</u>
Less: Impairment of prepayment and other receivables	(878,160)	(878,160)
	<u>55,307,181</u>	<u>58,937,720</u>

* The advance payments to suppliers include an amount of 16,598,402 Saudi riyals, which represents the non-current portion of the amounts paid in advance for improvements and the purchase of various school equipment and tools as at 31 July 2025 (31 July 2024: 13,131,372 Saudi riyals).

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

	<u>31 July 2025</u>	<u>31 July 2024</u>
Balance at beginning of the year / period	878,160	893,913
Used during this year / period	-	(15,753)
Balance at the end of the year / period	<u>878,160</u>	<u>878,160</u>

12. CASH AND CASH EQUIVALENTS

	<u>31 July 2025</u>	<u>31 July 2024</u>
Current accounts with banks	<u>26,527,008</u>	<u>36,344,216</u>
	<u>26,527,008</u>	<u>36,344,216</u>

13. ISLAMIC MURABAHA

Islamic Murabaha from commercial banks

- 13-1 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 finance cost 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 and shall be released upon the settlement of the last installment on 29 November 2027 (note 6).

As at 31 July 2025 the balance of Murabaha amounted to 22,052,119 Saudi riyals (31 July 2024: amounted to 31,827,733 Saudi riyals).

- 13- 2 Murabaha from a commercial bank to finance purchasing a plot in Al-Rabie District in Riyadh on 30 January 2025 corresponding to 3 Rajab 1446H. Murabaha was obtained in the amount of 32,698,967 Saudi riyals including finance cost with the amount of 4,138,967 Saudi riyals at a profit return rate of 6.4% provided that Murabaha is paid in eight equal semi-annual installments. The first installment payment begins on 24 July 2025. The Murabaha was obtained by mortgaging a plot of land, as the bank is in the process of completing the mortgage procedures for the land.

As at 31 July 2025, the balance of Murabaha amounted to 28,232,549 Saudi riyals.

- 13- 3 Murabaha from a commercial bank to finance purchasing a plot in North Obhur District in Jeddah on 9 February 2025 corresponding to 10 Shaban 1446H. Murabaha was obtained in the amount of 25,552,166 Saudi riyals including finance cost with the amount of 3,227,166 Saudi riyals at a profit return rate of 6.4% provided that Murabaha is paid in eight equal semi-annual installments. The first installment payment begins on 3 August 2025. The Murabaha was obtained by mortgaging a plot of land, as the bank is in the process of completing the mortgage procedures for the land.

As at 31 July 2025, the balance of Murabaha amounted to 25,552,166 Saudi riyals.

- 13-4 Murabaha from a commercial bank to finance part of the construction of the educational complexes (Ishbiliyah – Al-Rabie – North Obhur) on 24 July 2025 corresponding to 29 Muharram 1447H. Murabaha has been obtained in the amount of 23,080,270 Saudi riyals including finance cost with the amount of 2,646,270 Saudi riyals at a profit return rate of 5.7% provided that Murabaha is paid in eight equal semi-annual installments. The first installment payment begins on 19 January 2026.

As at 31 July 2025, the balance of Murabaha amounted to 23,080,270 Saudi riyals.

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13. ISLAMIC MURABAHA (CONTINUED)

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

	31 July 2025	31 July 2024
Balance at beginning of the year / period	35,081,349	52,730,397
Proceeds during the year / period	81,331,403	-
Paid during the year / period	(17,495,648)	(17,649,048)
Balance at the end of the year / period	98,917,104	35,081,349
	31 July 2025	31 July 2024
The present value of Islamic Murabaha granted by commercial banks is as follows:		
Total Islamic Murabaha at the end of the year / period	98,917,104	35,081,349
<u>Less: deferred finance charges</u>		
Balance at beginning of the year / period	(3,541,578)	(5,675,170)
Additions during the year / period	(10,012,403)	-
Finance cost charges for the year / period	3,381,038	2,133,592
Balance at the end of the year / period	(10,172,943)	(3,541,578)
Present value of Islamic Murabaha at the end of the year / period	88,744,161	31,539,771
Current portion of Islamic Murabaha	31,012,073	13,029,230
Non-current portion of Islamic Murabaha	57,732,088	18,510,541
	88,744,161	31,539,771

14. ADVANCE FROM CUSTOMERS

Represents amount received in advance for tuition fees for the academic year 2025 - 2026.

15. ACCRUED EXPENSES AND OTHER PAYABLES

	31 July 2025	31 July 2024
Accrued expenses	24,671,159	28,488,238
Claims provision	-	512,453
Others	232,931	197,611
	24,904,090	29,198,302

16. PROVISION FOR ZAKAT

- a) Zakat status
The Group and its subsidiaries filed their Zakat returns separately to the Zakat, Tax and Customs Authority (“Authority”) based on the financial statements of each company up to and including the year ended 31 July 2024. 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 Authority 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 July 2024.

Movement in Zakat provision is as follows:

	31 July 2025	31 July 2024
Balance at the beginning of the year / period	6,584,004	4,213,889
Charged during the year / period	3,395,941	5,435,102
Provision no longer required during the year / period	(1,620,189)	-
Total charged to the statement of profit or loss*	1,775,752	5,435,102
Paid during the year / period	(4,617,959)	(3,064,987)
Balance at the end of year / period	3,741,797	6,584,004

*An objection was filed by the company regarding the zakat assessments for the fiscal year ending 31 August 2016. Following the review of the objection by the authority and the submitted documents, a decision was made in favor of the company, resulting in a refund of 366,671 Saudi riyals. The collected amount has been recorded as part of the Zakat expense for the current year, included in the consolidated profit or loss statement.

17. EMPLOYEES' BENEFITS

The Group has a post-employment defined benefit plan. The benefits is according to 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 tables 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.

Total expense recognized in consolidated statement of profit or loss:

	For the year ended 31 July 2025	For the period ended 31 July 2024
Service cost	7,498,000	6,555,083
Interest cost (note 26)	3,356,000	2,673,917
	10,854,000	9,229,000

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

	31 July 2025	31 July 2024
Balance at the beginning of the year / period	62,426,000	59,018,000
Current service cost	7,498,000	6,555,083
Interest cost (note 26)	3,356,000	2,673,917
	10,854,000	9,229,000
Paid during the year / period	(5,272,141)	(4,102,767)
Actuarial (losses) / gains recognized in the consolidated statement of comprehensive income	1,742,141	(1,718,233)
Balance at the end of the year / period	69,750,000	62,426,000

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

	31 July 2025	31 July 2024
Discount rate	5.1%	5%
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 2025		31 July 2024	
	Increase (1%)	Decrease (1%)	Increase (1%)	Decrease (1%)
Discount rate	65,034,000	75,296,000	58,191,000	67,416,000
Future salary increase rate	75,420,000	64,858,000	67,521,000	58,038,000

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

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18. SHARE CAPITAL

The Company's share capital amounting to 430 Saudi riyals million divided into 43 million shares with a nominal value of 10 Saudi riyals each.

19. 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 is not distributed as dividends to the shareholders.

20. STATUTORY RESERVE

The new Saudi Companies law ("Law") which became effective on 19 January 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 as at 31 July 2024 amounting to 48,776,703 Saudi riyals to retained earnings.

21. REVENUE

	For the year ended 31 July 2025	For the period ended 31 July 2024
Tuition fees*	645,566,487	557,479,862
Student transportation fees	8,109,480	5,022,696
Sport clubs' revenue	4,220,599	2,967,578
	657,896,566	565,470,136

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

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

22. GOVERNMENT GRANTS AND SUBSIDIES

	For the year ended 31 July 2025	For the period ended 31 July 2024
Ministry of Human Resources support	9,861,737	13,099,938
Government educational subsidy revenues	2,051,840	363,096
	11,913,577	13,463,034

23. COST OF REVENUE

	For the year ended 31 July 2025	For the period ended 31 July 2024
Salaries, wages and other employee benefits	247,332,412	197,546,501
Depreciation of right-of-use assets (note 8)	31,115,240	22,194,337
Depreciation (note 6)	26,886,793	20,712,317
Printings, tools and consumables	19,264,167	16,843,948
Government charges	12,882,114	9,848,821
Hospitality and student activities	10,882,717	8,620,021
Medical insurance	9,017,369	7,445,643
Water, electricity and communications	8,599,093	6,703,492
Maintenance and fuel	3,365,369	2,574,234
Others	6,814,920	5,212,437
	376,160,194	297,701,751

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24. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 July 2025	For the period ended 31 July 2024
Salaries, wages and other employee benefits	63,918,828	54,905,137
Bank commissions	7,588,091	4,421,409
Government charges	4,901,681	4,703,171
Water, electricity and communications	4,181,248	2,083,009
Medical insurance	3,209,706	2,324,416
Maintenance and technical support	2,470,618	2,468,439
Amortization of students list	2,098,315	1,923,456
Consulting and professional fees	2,068,053	2,322,328
Amortization and depreciation (note 6,7)	1,999,100	1,425,117
Printings, tools and consumables	1,952,384	1,588,836
Hospitality	1,390,287	1,252,517
Depreciation of the right of use assets (note 8)	458,276	3,345,152
Others	6,855,387	6,535,963
	103,091,974	89,298,950

25. OTHER INCOME

	For the year ended 31 July 2025	For the period ended 31 July 2024
Rent for food canteens	1,497,209	1,159,698
Gain from disposal of property and equipment	222,274	-
Other miscellaneous income	2,191,213	1,813,823
	3,910,696	2,973,521

26. FINANCE COSTS AND RETURN, NET

	For the year ended 31 July 2025	For the period ended 31 July 2024
Interest on lease liabilities (note 8)	19,146,911	14,245,299
Interest cost of employee's benefits (note 17)	3,356,000	2,673,917
Finance costs for Islamic Murabaha	3,355,373	2,133,592
Short-term Islamic Murabaha returns*	(1,770,528)	(1,602,424)
	24,087,756	17,450,384

* Short-term Islamic Murabaha carry an average rate of return of 5.6% and a maturity date of less than three months (31 July 2024: 5.7%).

27. BASIC AND DILUTED EARNINGS PER SHARE

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

	For the year ended 31 July 2025	For the period ended 31 July 2024
Net profit for the year / period	160,710,827	157,832,299
Weighted average number of shares	43,000,000	43,000,000
Basic and diluted earnings per share for the year / period	3.74	3.67

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28. FINANCIAL ASSETS AND LIABILITIES

28.1 Financial asset

	<u>31 July 2025</u>	<u>31 July 2024</u>
<u>Financial assets at amortized cost:</u>		
Accounts receivable	75,285,208	49,518,640
Financial assets included in other receivables	3,535,283	5,164,906
Cash and cash equivalents	26,527,008	36,344,216
Total financial assets at amortized cost	105,347,499	91,027,762

28.2 Financial liabilities

	<u>31 July 2025</u>	<u>31 July 2024</u>
<u>Financial liabilities at amortized cost:</u>		
Islamic Murabaha	88,744,161	31,539,771
Lease liabilities on right-of-use assets	351,536,926	282,595,341
Accounts payable	16,631,084	13,647,179
Accrued expenses and other payables	24,904,090	29,198,302
Total financial liabilities at amortized cost	481,816,261	356,980,593
 Current portion of financial liabilities	 97,501,776	 77,112,694
Non-current portion of financial liabilities	384,314,485	279,867,899
Total financial liabilities	481,816,261	356,980,593

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

29. COMMITMENTS

	<u>31 July 2025</u>	<u>31 July 2024</u>
Contractual commitments for suppliers	44,698,839	35,845,796
Capital commitments - projects in progress *	86,191,404	16,093,057
	130,890,243	51,938,853

* The Capital commitments are related to the projects in progress of the Group's educational complexes in Hetteen, Al- Narjis, Qurtubah, Ishbilyah, Al-Rabie and North Obhur to complete their construction works.

30. 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 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 prepayments 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 creditworthiness of accounts receivable that are not overdue or have a low likelihood of collection is evaluated by measuring the financial capacity and credit history of the parents. This considers the balances of parents from whom all dues have been received in the past, regardless of any minor delays in payment. The Group recognizes expected credit loss provision by measuring the probability of collection of amounts from customers if the probability of collection is low and considers write-off of due debts (if any). Credit and Collection Operations provide input on the aging of accounts receivable on a periodic basis.

30. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

b) Credit risk (CONTINUED)

Accounts receivable (CONTINUED)

The Group provides for receivables by applying the simplified approach to assess the expected credit losses. The provision balance of accounts receivable as at 31 July 2025 amounted to 23.35 million Saudi riyals (31 July 2024: amounted to 25.96 million Saudi riyals). The following table shows aging of the accounts receivable:

	<u>31 July 2025</u>	<u>31 July 2024</u>
Balances less than 1 year	64,737,840	50,309,135
Balances more than 1 year and less than 2 years	15,941,164	9,357,617
Balances more than 2 years and less than 3 years	4,941,300	3,105,400
Balances more than 3 years	13,009,754	12,705,015
Total	<u>98,630,058</u>	<u>75,477,167</u>
(Less) :Expected credit loss	<u>(23,344,850)</u>	<u>(25,958,527)</u>
Net accounts receivable	<u>75,285,208</u>	<u>49,518,640</u>

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.

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30. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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 2025					
lease liability on right-of-use assets	42,363,750	211,520,999	294,241,990	548,126,739	351,536,926
Islamic Murabaha	31,012,073	67,905,031	-	98,917,104	88,744,161
Accounts payable	16,631,084	-	-	16,631,084	16,631,084
Accrued expenses and other payables	24,904,090	-	-	24,904,090	24,904,090
	114,910,997	279,426,030	294,241,990	688,579,017	481,816,261
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

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 measurement. Management believes that the fair value of the Group's financial assets and liabilities are not significantly 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 less cash and cash equivalents.

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

	31 July 2025	31 July 2024
Islamic Murabaha	88,744,161	31,539,771
Less: cash and cash equivalents	(26,527,008)	(36,344,216)
Net debt	62,217,153	(4,804,445)
Total Equity	861,991,221	793,322,535
Net debt to equity ratio	%7	(%1)

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31. 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:

	<u>Nature of transactions</u>	<u>For the year ended 31 July 2025</u>	<u>For the period ended 31 July 2024</u>
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

	<u>For the year ended 31 July 2025</u>	<u>For the period ended 31 July 2024</u>
Salaries and other short-term benefits for the year / period	11,507,655	11,043,854
End of services charged for the year / period	339,581	754,835
	<u>11,847,236</u>	<u>11,798,689</u>

Board of Directors' remuneration and related benefits

	<u>For the year ended 31 July 2025</u>	<u>For the period ended 31 July 2024</u>
Board of directors' remunerations and benefits	2,162,619	1,785,841
	<u>2,162,619</u>	<u>1,785,841</u>

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32. 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 International 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
- Tarbyah Namouthajiyah Schools - Qurtubah
- Tarbyah Namouthajiyah Schools - Narjis
- National school - Hetteen
- Model Education International Academy - Al-Qairwan
- Others

As at and for the year ended 31 July 2025

	TNS Al-Rayan schools	TNS Al-Rawabi schools	TNS Al-Nuzha schools	TNIS Qurtubah schools	TNS Buraidah schools	Al- Khwarizmi national schools	Al-Ghad national schools – King Abdullah	TNS Al-Qairwan schools	TNS Al-Aridh schools	TNIS Dhahran schools	Al-Salam national schools	TNIS Al-Aridh schools	Al-Ghad national schools – Al-Qairwan
Revenues	97,418,473	89,464,512	80,223,532	15,577,557	31,601,425	18,150,325	32,442,371	87,277,906	55,409,913	25,223,526	31,496,825	32,124,413	10,417,946
Government grants and subsidies	1,842,336	1,175,110	1,125,008	317,486	1,289,810	116,822	599,390	1,593,325	1,088,626	473,176	160,989	544,492	367,661
Cost of revenue	(53,437,127)	(43,481,861)	(40,280,623)	(9,113,398)	(21,349,041)	(8,552,496)	(22,573,753)	(38,155,506)	(27,692,125)	(12,907,794)	(18,896,808)	(21,192,101)	(12,359,017)
Gross profit	45,823,682	47,157,761	41,067,917	6,781,645	11,542,194	9,714,651	10,468,008	50,715,725	28,806,414	12,788,908	12,761,006	11,476,804	(1,573,410)
Property and equipment	102,911,400	79,176,630	77,140,448	35,799,375	52,298,517	6,499,489	1,884,959	137,116,228	7,596,177	68,051,455	63,812,901	9,579,148	6,814,900
Depreciation	3,305,107	2,408,931	2,450,582	1,276,504	2,017,117	541,581	383,124	4,085,085	1,185,757	2,071,449	1,020,555	1,267,807	848,105

	TNS Qurtubah schools	TNS Narjis schools	National school - Hetteen	MEIA – Al-Qairwan	Others	Projects in progress	Elimination inter- company transactions	Total
Revenues	28,312,532	16,368,163	2,765,147	3,622,000	7,868,612	-	(7,868,612)	657,896,566
Government grants and subsidies	556,997	399,975	125,708	136,666	-	-	-	11,913,577
Cost of revenue	(16,774,977)	(11,399,583)	(6,975,977)	(5,520,183)	(7,270,654)	-	1,772,830	(376,160,194)
Gross profit	12,094,552	5,368,555	(4,085,122)	(1,761,517)	597,958	-	(6,095,782)	293,649,949
Property and equipment	33,328,532	24,190,607	26,696,277	2,180,045	5,260,162	169,103,413	-	909,440,663
Depreciation	1,995,464	1,738,191	1,539,921	234,743	59,828	-	-	28,429,851

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32. SEGMENT REPORTING (CONTINUED)

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

Due to the nature of the Group's activity and management approach, it is impractical to allocate the remaining assets and liabilities of the Group based on different operating segment.

32. SEGMENT REPORTING (CONTINUED)

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

	For the year ended 31 July 2025	For the period ended 31 July 2024
Gross profit from sectors	293,649,949	281,231,419
Other income	3,910,696	2,973,521
General and administrative expenses	(103,091,974)	(89,298,950)
Marketing and advertising expenses	(9,991,007)	(7,238,205)
Reversal of allowance / (allowance) for expected credit loss	1,730,000	(6,950,000)
Finance costs and returns, net	(24,087,756)	(17,450,384)
Total unallocated amount	(131,530,041)	(117,964,018)
Net profit for the year / period before Zakat	162,119,908	163,267,401

33. DIVIDENDS

On 15 December 2024, the Ordinary General Assembly approved a dividends distribution to shareholders amounting to 90.3 million Saudi riyals at 2.1 Saudi riyals per share.

On 27 December 2023, the Ordinary General Assembly approved a dividends distribution to shareholders amounting to 70.95 million Saudi riyals at 1.65 Saudi riyals per share.

34. SUBSEQUENT EVENTS

On 1 October 2025, corresponding to 9 Rabi Al-Akhar 1447H, the Board of Directors approved the project to establish Tarbyh Namouthajiyah schools complex (Educational Complex) on the land located in Dhahrat Laban district – Riyadh. It is noted that the expected date for the operation of the educational complex at the start of the academic year 2027/2028.

On 23 October 2025, corresponding to 1 Jumada Al-Awwal 1447H , the Company's Board of Directors recommended to distribute cash dividends to the shareholders amounting to 107.5 million Saudi riyals for the fiscal year ended 31 July 2025 at 2.5 riyals per share. The distribution date will be announced after the General Assembly meeting that will approve the dividends' distribution.

35. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved for issuance by the Board of Directors on 1 Jumada Al-Awwal 1447H corresponding to 23 October 2025G.