

ACADEMY OF LEARNING COMPANY
(A Saudi Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE PERIOD FROM JANUARY 1, 2024
TO JUNE 30, 2025**

**INDEX OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2024 TO JUNE 30, 2025**

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Academy Of Learning Company
(A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Academy of Learning Company (the "Company") and its subsidiaries (together "the Group") which comprise the consolidated statement of financial position as at June 30, 2025 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period from January 1, 2024 to June 30, 2025 and notes to the consolidated financial statements, including material accounting policies information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2025, and its consolidated financial performance and its consolidated cash flows for the period from January 1, 2024 to June 30, 2025, in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued 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, 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 accompanying notes to the consolidated financial statements, which describes the change of the fiscal year. Our opinion is not modified in respect to this matter.

Key audit matters

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period from January 1, 2024 to June 30, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. Key audit matters include:

Independent Auditors' Report for the audit of consolidated financial statement of Academy of Learning Company for the period from January 1, 2024 to June 30, 2025(Continued)

Key audit matters (Continued)

Key audit matter	
Revenue recognition	How the matter was addressed in our audit
<p>The Group's revenues for the period from January 1, 2024 to June 30, 2025 amounted to 228 million.</p> <p>Revenue is a significant indicator of the Group's performance, and therefore the recognition of revenue involves inherent risks, particularly the risk of revenue being recognized in excess of its actual value.</p> <p>Given the material value of the revenue recorded and the risks inherent in the revenue recognition process, revenue was considered a key audit matter.</p> <p>Refer to Note 5, Material Accounting Policies, regarding revenue recognition, and to Note 22 for further details on revenue.</p>	<p>We performed the following procedures to address this matter:</p> <ul style="list-style-type: none"> - Evaluated the appropriateness of the Group's revenue recognition accounting policies in line with the requirements of IFRS 15 'Revenue from Contracts with Customers.' - Tested a sample of recorded revenue transactions and compared them with supporting documents to verify the recorded amounts. - Performed cut-off testing to ensure that revenue was recorded in the appropriate period. - Recalculated the revenue amount for a sample of students based on the agreed fees and compared it with the total revenue recorded in the books. - Made inquiries of management and those charged with governance regarding their knowledge of fraud risks and whether any actual instances of fraud had occurred. - Assessed the completeness and adequacy of revenue-related disclosures in the consolidated financial statements.

Independent Auditors' Report for the audit of consolidated financial statement of Academy of Learning Company for the period from January 1, 2024 to June 30, 2025 (Continued)

Key audit matters (Continued)

Key audit matter	
Measurement of expected credit losses	How the matter was addressed in our audit
<p>As at June 30, 2025, student receivables amounted to ﷲ 130 million, and the expected credit loss ('ECL') allowance amounted to ﷲ 11.7 million.</p> <p>The Group's management applied a simplified expected credit loss model to determine the allowance for ECL on student receivable balances, in accordance with the requirements of IFRS 9 'Financial Instruments'.</p> <p>Since the ECL model is based on significant estimates and assumptions, we considered the determination of the expected credit loss on student receivables under IFRS 9 to be a key audit matter.</p> <p>Refer to Note 5, Material Accounting Policies, regarding expected credit losses, and to Note 12 for further details.</p>	<p>We performed the following procedures to address this matter:</p> <ul style="list-style-type: none"> - Assessed the appropriateness of the accounting policies related to expected credit losses on student receivables, as well as compliance with the applicable accounting standards. - Assessed the accuracy and classification of student receivables in the aging report by matching a sample of receivable items to invoices and supporting documents. - Evaluated the significant assumptions and estimates used by management, including those related to forward-looking economic conditions applied in calculating the probability of default and the loss given default, and tested the mathematical accuracy of the expected credit loss model. - Involved specialists to review the expected credit loss calculation models. - Assessed the adequacy of the related disclosures in the accompanying consolidated financial statements.

Independent Auditors' Report for the audit of consolidated financial statement of Academy of Learning Company for the period from January 1, 2024 to June 30, 2025 (Continued)

Other information

Other information consists of the information included in the Group's Annual Report other than 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 in this regard.

Responsibilities of management and Those Charged with Governance ("TCWG") 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 By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, 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 have no realistic alternative but to do so.

Those charged with governance, i.e., the 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.

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.

Independent Auditors' Report for the audit of consolidated financial statement of Academy of Learning Company for the period from January 1, 2024 to June 30, 2025 (Continued)**Auditor's responsibilities for the audit of the consolidated financial statements (continued)**

- 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 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.



Ahmed Al Jumah
Certified Public Accountant
Registration No. 621

Dammam, on 6 Rabi Al Thani 1447 (H)
Corresponding to: 28 September, 2025 G



ACADEMY OF LEARNING COMPANY
(A Saudi Joint Stock Company)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2025**

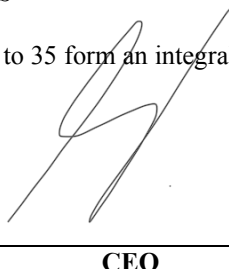
(All amounts expressed in Saudi Riyals “ﷲ”)

	Notes	June 30, 2025	December 31, 2023
ASSETS			
Non-current assets			
Property and equipment	7	78,201,483	52,999,202
Intangible assets	8	2,669,328	866,401
Right-of-use assets	9	74,624,728	40,890,505
Total non-current assets		155,495,539	94,756,108
Current assets			
Prepayments and other receivables	10	4,533,642	14,116,169
Inventory	11	4,266,188	4,350,177
Students’ receivables	12	118,437,828	28,662,293
Investments at fair value through profit or loss	13	20,516,135	-
Cash and cash equivalents	14	6,281,810	26,827,439
Total current assets		154,035,603	73,956,078
TOTAL ASSETS		309,531,142	168,712,186
EQUITY AND LIABILITIES			
Equity			
Share capital	15	90,000,000	60,000,000
Statutory reserve	16	-	6,630,971
Retained earnings		54,303,947	46,447,303
Total equity		144,303,947	113,078,274
LIABILITIES			
Non-current liabilities			
Employees end of service benefits	17-A	8,298,652	4,275,293
Lease liabilities	19	71,782,688	34,202,400
Murabaha loans-non-current portion	20	45,366,213	-
Total non-current liabilities		125,447,553	38,477,693
Current liabilities			
Trade payables		5,309,799	1,741,832
Accrued expenses and other payable	18	11,862,020	8,752,092
Lease liabilities	19	6,289,095	4,957,413
Murabaha loans- current portion	20	11,882,633	-
Provision for Zakat	21-A	4,436,095	1,704,882
Total current liabilities		39,779,642	17,156,219
Total liabilities		165,227,195	55,633,912
TOTAL EQUITY AND LIABILITIES		309,531,142	168,712,186


The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements



Chairman



CEO



CFO

ACADEMY OF LEARNING COMPANY
(A Saudi Joint Stock Company)

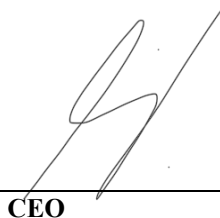
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM JANUARY 1, 2024 TO JUNE 30, 2025
(All amounts expressed in Saudi Riyals "ﷲ")

		For the period from January 1, 2024 to June 30, 2025	December 31, 2023
	Notes		
Revenue, net	22	227,913,440	92,905,710
Cost of revenue	23	(116,671,635)	(35,342,200)
Gross profit		111,241,805	57,563,510
General and administrative expenses	24	(25,986,694)	(18,565,992)
Marketing expenses	25	(27,991,370)	(9,616,292)
Operating Profit		57,263,741	29,381,226
Financing expenses		(10,909,289)	(2,060,708)
Expected credit losses	12	(8,132,841)	(798,447)
Other income	26	6,878,959	3,854,321
Gains from revaluation of investments at fair value through profit or loss	13	796,825	-
Net profit before Zakat		45,897,395	30,376,392
Zakat expense	21-A	(4,441,095)	(1,704,882)
Net profit for the period / year		41,456,300	28,671,510
Items of other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Re-measurement of employees' end of service	17-C	(1,230,627)	(159,058)
Other comprehensive loss		(1,230,627)	(159,058)
Total comprehensive income		40,225,673	28,512,452
Basic and diluted earnings per share	31	0,46	0,32

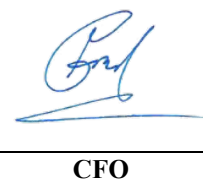
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ACADEMY OF LEARNING COMPANY

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM JANUARY 1, 2024 TO JUNE 30, 2025**

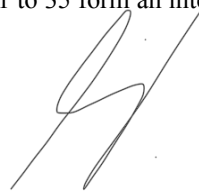
(All amounts expressed in Saudi Riyals "ﷲ")

	Share capital	Statutory reserve	Retained earnings	Total equity
Balance at January 01, 2023	60,000,000	3,779,726	41,786,096	105,565,822
Dividends	-	-	(21,000,000)	(21,000,000)
Net profit for the year	-	-	28,671,510	28,671,510
Other comprehensive (loss)	-	-	(159,058)	(159,058)
Total comprehensive income	-	-	28,512,452	28,512,452
Transfer to statutory reserve	-	2,851,245	(2,851,245)	-
Balance at December 31, 2023	60,000,000	6,630,971	46,447,303	113,078,274
Dividends	-	-	(9,000,000)	(9,000,000)
Net profit for the period	-	-	41,456,300	41,456,300
Other comprehensive (loss)	-	-	(1,230,627)	(1,230,627)
Total comprehensive income	-	-	40,225,673	40,225,673
Transfer to share capital	30,000,000	-	(30,000,000)	-
Transfer to retained earnings	-	(6,630,971)	6,630,971	-
Balance at June 30, 2025	90,000,000	-	54,303,947	144,303,947

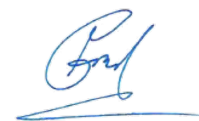


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ACADEMY OF LEARNING COMPANY
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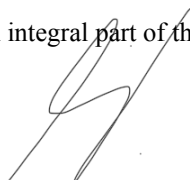
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JANUARY 1, 2024 TO JUNE 30, 2025
(All amounts expressed in Saudi Riyals "ﷲ")

	For the period from January 1, 2024 to June 30, 2025	December 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before Zakat	45,897,395	30,376,392
<i>Adjustments for:</i>		
Depreciation of property and equipment and intangible assets	15,826,311	2,688,286
Depreciation of right of use assets	12,800,816	4,803,495
Allowance for expected credit losses	8,132,841	798,447
Financing expenses	10,909,289	2,060,708
Gain from Islamic Murabaha deposits	-	(253,000)
Lease adjustments	306,053	-
Gains from revaluation of investments	(796,825)	-
Employees' end of service benefits obligations cost	3,074,691	1,221,207
	96,150,571	41,695,535
<i>Changes in operation assets and liabilities:</i>		
Prepayments and other receivable	9,582,527	(6,861,274)
Inventory	83,989	(2,198,152)
Students' receivables	(97,908,376)	(11,863,637)
Accrued expenses and other payable	3,109,928	4,736,328
Trade payables	3,567,967	1,741,832
Employees' end of service benefits obligations paid	(281,959)	(136,556)
Zakat paid	(1,709,882)	(2,651,434)
Net cash generated from operating activities	12,594,765	24,462,642
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment and intangible assets	(41,940,800)	(45,533,190)
Islamic Murabaha deposits	-	50,000,000
Repayment of investments	(25,000,000)	-
Proceeds of investments	5,280,690	-
Net cash (used in) / generated from investing activities	(61,660,110)	4,466,810
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends	(9,000,000)	(21,000,000)
Repayment of lease liabilities	(15,992,531)	(8,062,000)
Proceeds from loans	59,500,000	22,000,000
Repayment of loans	(5,987,753)	(22,000,000)
Net cash generated from / (used in) financing activities	28,519,716	(29,062,000)
Net change in cash and cash equivalents	(20,545,629)	(132,548)
Cash and cash equivalents at beginning of the period / year	26,827,439	26,959,987
Cash and cash equivalents at end of the period / year	6,281,810	26,827,439
Significant non-cash transactions		
Non-cash transactions from investing activities		
Borrowing costs capitalized on property and equipment.	890,719	-
Increase of Capital through retained earnings	30,000,000	-

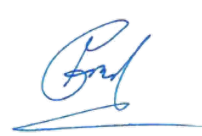
The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.



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ACADEMY OF LEARNING COMPANY

(A Saudi Joint Stock Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2024 TO JUNE 30, 2025**

(All amounts expressed in Saudi Riyals “ﷲ”)

1. ORGANIZATION AND ACTIVITY

Academy of Learning Company (“the Company”) is a Saudi joint stock company – Dammam – Kingdom of Saudi Arabia operating under the commercial registration issued in Dammam under number 2050047188 dated 15 Dhu al-Qi’dah 1425 -H (corresponding to December 27, 2004) and its head office is in Dammam. The main activity is the wholesale of computers and their accessories, including (selling printers and their inks), integrated administrative services activities for offices, higher training institutes, and electronic training.

These consolidated financial statements include the operations and results of the following branches, whose activity is represented in training institutes under licenses from the General Organization for Technical and Vocational Training:

Branch	Unified number	Sub-CR No	Date of CR	City
Canadian Language Centre	7014044437	2050055639	23/06/1428-H	Dammam
Higher Academy of Learning Institute for Training	7012503897	2051040924	09/10/1430-H	Al-Khobar
Higher Academy of Learning Institute for Training	7014272434	2055013985	23/09/1432-H	Jubail
Higher Academy of Learning Institute for Training	7012148073	2050097822	03/04/1435-H	Dammam
Canadian Language Centre	7006566066	2050097826	03/04/1435-H	Dammam
Higher Academy of Learning Institute for Training	7006463629	2252058424	13/09/1435-H	Almobarraz
Higher Academy of Learning Institute for Training	7014013556	2053032147	18/02/1436-H	Qateef
Higher Academy of Learning Institute for Training	7016704517	1010623225	25/05/1441-H	Riyadh

During the period, the Company cancelled the following sub-CRs:

Branch	Sub-CR No	Date of CR	City
Canadian Language Centre	2055013984	23/09/1432-H	Jubail
Canadian Language Centre	2053025339	01/06/1433-H	Qateef
Canadian Language Centre	2051059261	13/01/1436-H	Al-Khobar
Canadian Language Centre	1010428951	25/06/1436-H	Riyadh
Canadian Language Centre	2252064339	17/03/1437-H	Al-Ihsa

The company's Extraordinary General Assembly, approved in its meeting on June 29, 2021, the registration of the company's shares for direct listing on the parallel market "Nomu" and taking the necessary measures. The company was listed on the parallel market "Nomu" on July 18, 2022.

The Board of Directors decided on June 27, 2024, to approve the company's transfer from the parallel market (Nomu) to the main market (Tadawul). This transfer is subject to market approval and is conditional upon fulfilling all requirements imposed by the market.

The Extraordinary General Assembly, in its meeting held on June 25, 2024, approved the amendment of the Company's financial year to end on June 30 instead of December 31. Accordingly, the Company prepared the consolidated financial statements for an 18-month period starting from January 1, 2024, until the end of the financial year on June 30, 2025. In addition, the comparative for the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year ended December 31, 2023.

ACADEMY OF LEARNING COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 1, 2024 TO JUNE 30, 2025

(All amounts expressed in Saudi Riyals “ﷲ”)

2. THE ORGANIZATIONAL STRUCTURE OF THE GROUP

The consolidated financial statements as of June 30, 2025 include the financial statements of the Company and the following subsidiaries mentioned below (collectively referred to as the “Group”):

<u>Name of consolidated subsidiary</u>	<u>Main Activity</u>	<u>Effective percentage of ownership</u>
Academy of Learning Investment Company (A)	Real Estate	100%
Private Learning Schools Company (B)	Education	100%

(A) On 24 Jumada Al-Awwal 1444 AH corresponding to December 18, 2022, the company established the Academy of Learning Investment Company, a single-shareholder limited liability company with commercial registration number 2050165590, headquartered in Dammam, with a capital of ﷲ 100,000, 100% owned by the Learning Academy Company. The company’s activity is to buy and sell real estate, manage and rent real estate, develop real estate, brokerage and market real estate. The company’s financial fiscal year, according to the articles of association, will start from December 15, 2022 until December 31, 2023. The company has not paid the company’s capital recorded in the commercial registration until the date of the financial statements. In addition, the subsidiary company has not engaged in any commercial activity until the date of the financial statements.

(B) On the 4th of Safar 1446-H corresponding to August 8, 2024, the company established the National Learning Schools Company, a single-shareholder limited liability company with commercial registration number 2050193548, headquartered in Dammam, with a capital of ﷲ 10 million, 100% owned by the Academy of Learning Company. The company’s activity is represented in education at its various levels, sports club activities, entertainment and recreation, provided that the first fiscal year of the company begins according to the articles of association from August 8, 2024 until June 30, 2025. The company has not paid the company’s capital recorded in the commercial registration until the date of the financial statements. In addition, the subsidiary company has not engaged in any commercial activity until the date of the financial statements.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements adopted by Saudi Organization for Chartered and Professional Accountants

The consolidated financial statements have been prepared according to the historical cost principle, unless the International Financial Reporting Standards allow measurement in accordance with other valuation methods, as indicated in the note on the material accounting policies.

3.2 Preparation of the consolidated financial statements

The preparation of consolidated financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the amounts disclosed in the consolidated financial statements. These significant estimates and assumptions for the consolidated financial statements are disclosed in Note (6).

3.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Academy of Learning Company and its subsidiary (the Group) as stated in Note (2).

Control is achieved when the group has:

- Has power over the investee;
- A right to variable returns as a result of its connection with the investee has the ability to use its power to affect its returns.
- Has the ability to use its control to influence investment returns.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2024 TO JUNE 30, 2025**
(All amounts expressed in Saudi Riyals “ﷲ”)

3. BASIS OF PREPARATION (CONTINUED)

3.3 Basis of consolidation (continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group's voting rights in an investee are less than a majority of the voting rights of the investee, the Company has control over that investee when the voting rights are sufficient to give it practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances when assessing whether the Company has voting rights in an investee to give it control, including the following:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group gains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

The consolidated statement of profit or loss and each component of other comprehensive income are attributable to the Group's shareholders. The total other comprehensive income of the subsidiary is attributable to the Group's shareholders.

When necessary, adjustments are made to the financial statements of a subsidiary to bring its accounting policies into line with those used by the Group.

All transactions and balances, including assets, liabilities, equity, income, expenses and cash flows resulting from transactions between Group companies, are eliminated on consolidation.

Changes in the Group's equity in existing subsidiaries

Changes in the Group's ownership in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's ownership and non-controlling interests are adjusted to reflect the changes in their ownership in the subsidiaries. Any difference between the amount of the non-controlling interest adjustment and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Group's shareholders.

When the Group loses control of a subsidiary, any profit or loss is recognized in the consolidated statement of profit or loss and is calculated as the difference between (i) the total fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified consolidated statement of profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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4. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS:

4.1 Standards, interpretations and amendments effective from 1 January 2024

There are several other new amendments to standards, listed below, effective during the period, but they do not have a material impact on the Group's consolidated financial statements.

Amendments to standard	Description	Effective for annual years beginning on or after
IFRS 16	Amendments - Lease liability in a sale and leaseback	January 1,2024
IAS 1	Amendments - Classification of liabilities as Current or Non-current	January 1,2024
IAS 1	Amendments - Non-current liabilities with Covenants	January 1,2024
IAS 7 and IFRS 7	Amendments - Supplier Finance Arrangements	January 1,2024
IFRS 21	Amendments: Inability to exchange foreign currency	January 1,2025

4.2 New standards, amendments and revised IFRSs issued but not yet effective

The Group has not early adopted new and revised International Financial Reporting Standards (IFRSs) and amendments that have been issued but are not yet effective. These standards will be adopted by the Group when they become effective.

Amendments to standard	Description	Effective for annual years beginning on or after
IFRS 9	Amendments - Classification and Measurement of Financial Instruments	January 1,2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1,2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1,2027

5. MATERIAL ACCOUNTING POLICIES

The following are the material accounting policies used by the Group in preparing the consolidated financial statements:

A) Classification to current and non-current

The Group presents assets and liabilities in the statement of financial position on the basis of their classification as current / non-current.

- The asset is current when it is:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash or cash equivalent 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.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

B) **Property and equipment**

Property and equipment, excluding capital work-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

Historical cost includes expenditures that are directly attributable to the acquisition of an asset. Subsequent costs are included in the carrying amount of the asset or are recorded as a separate asset, as appropriate. This is done only when it is probable that the economic benefits associated with the asset will flow to the company and the cost can be measured reliably.

Depreciation is recognized to write off the cost of assets after deducting their residual value over their useful lives using the straight-line method. The estimated useful lives, residual values, and depreciation method are reviewed at the end of each reporting period, and any changes are accounted for prospectively.

The Group applies the following estimated useful lives to property and equipment:

Type of asset	Percentage
Leasehold improvements	10%-33%
Electrical devices	15%-25%
Furniture and decorations	15%
Motor vehicles	25%
Tools	15%

Property and equipment used under finance leases are depreciated over the shorter of the asset's useful life or the lease term if there is no reasonable assurance that the Group will obtain ownership at the end of the lease term.

Stored materials and spare parts with a useful life of more than one year are depreciated over their estimated useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising on the disposal of an item of property, plant and equipment, determined as the difference between the net sales proceeds and the carrying amount of the asset, is recognized in profit or loss.

C) **Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are recognized as part of the asset's experience. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

D) Intangible assets

Intangible assets are recorded at cost less accumulated amortization and any accumulated impairment losses, except for capital work-in-progress, which is measured at cost, if any. Amortization is calculated using the straight-line method over the useful lives of 4 to 10 years. Amortization is calculated starting from the month in which the asset is available for use. Residual values and useful lives, if applicable, are reviewed and adjusted at each reporting date.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the company and the cost of the asset can be measured reliably.

Profits and losses arising from sales, if any, are recorded in the profit and loss account in the year in which they arise.

E) Leases

The Group assesses whether a contract is, or contains, a lease at the inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability for all leases in which it is a lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognizes lease payments as an operating expense on a straight-line basis over the lease term unless another systematic basis predicts the time frame in which the economic benefits from the leased asset are consumed. The lease liability is initially measured at the present value of the lease payments not made at the inception date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability consist of the following:

- Fixed lease payments (including fixed payments), less any lease incentives.
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date,
- The amount the lessee is expected to pay under residual value guarantees,
- The exercise price of the purchase options, if the lessee is reasonably certain to exercise the options, and
- Payment of penalties for terminating a lease, if the lease reflects the exercise of an option to terminate the lease.

The lease liability is presented separately in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by decreasing the carrying amount to reflect the lease payments.

The Group remeasures the lease liability (and adjusts the consideration for the related right-of-use asset) if:

- The terms of the lease change or the assessment of the exercise of the purchase option changes, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in the expected payment based on the guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change due to a change in the prevailing interest rate, in which case a revised discount rate is used).
- The lease is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the modified lease payments using a revised discount rate.

The Group has not made any such adjustments during the presented periods.

The right-of-use asset includes the initial measurement of the corresponding lease liability, lease payments made on or before the commencement date, and any initial direct costs. It is subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter of the lease term and the asset's estimated useful life. If the lease transfers ownership of the identified asset or the cost of the right-of-use asset reflects the Group's expectation to exercise a purchase option, the related right-of-use asset is depreciated over the asset's useful life. Depreciation begins at the lease commencement date.

Right-of-use assets are presented as a separate item in the statement of financial position.

The Group applies International Accounting Standard No. (36) "Impairment of Assets" to determine whether there is any impairment in the value of right-of-use assets.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

F) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). If it is not possible to estimate the recoverable amount of a specific asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent allocation basis can be identified, corporate assets are also allocated to cash-generating units, or they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication of impairment, by comparing the unit's carrying amount, including goodwill, with its recoverable amount. Intangible assets with indefinite useful lives are not amortized. Instead, the asset is tested for impairment annually, and whenever there is an indication of impairment.

Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. 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 specific to the asset for which the assessment of future cash flows has not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount, and impairment losses are recognized directly in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed what the asset's (or cash-generating unit's) recoverable amount would have been had no impairment loss been recognized for it in prior years. A reversal of an impairment loss is recognized immediately in profit or loss. Impairment losses recognized for goodwill in prior periods are not reversed in a subsequent period.

G) Cash and cash equivalent

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and deposits with banks, all of which are available for use by the Group unless otherwise stated, with maturity of three months or less, and which are subject to an insignificant risk of change in value.

H) Financial instruments

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual terms of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized in profit or loss when incurred.

Financial assets

Recognition and derecognition of all purchases or sales of financial assets are done in the usual way on the basis of the trading date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the defined time frame established under regulation or market convention. All recognized financial assets are subsequently measured at amortized cost or fair value, as per the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

H) Financial instruments (continued)

Classification of financial assets (continued)

- The contractual terms of a financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- The financial asset is held within a business model whose objective is both to collect contractual cash flows and to sell financial assets.
- The contractual terms of a financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

The Group does not have any debt instruments measured at fair value through other comprehensive income.

By default, all other financial assets are subsequently measured at fair value through profit or loss. The Group does not have any financial assets measured at fair value through profit or loss.

In spite of the above, the Group may make the following irrevocable elections/designations upon initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in the fair value of an equity investment in other comprehensive income if certain criteria are met as set out in relevant International Financial Reporting Standards; and
- The Group may irrevocably designate any debt investment that meets the amortised cost or at fair value through other comprehensive income if it is measured at fair value through profit or loss if doing so results in a material write-down or reduction in the non-matching accounts.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and allocating interest income over the period.

For financial assets other than purchased or credit-impaired financial assets (such as assets that are impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the debt instrument, or, if appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

For purchased or credit-impaired financial assets, the adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument at initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition, less any principal repayments, plus the cumulative amortization using the effective interest method of the difference between that initial amount and the maturity amount, which is adjusted to a loss allowance. The gross carrying amount of a financial asset is the amortized cost of the financial asset before any loss allowance is adjusted.

Interest income is recognized using the effective interest rate method for debt instruments subsequently measured at amortized cost and fair value through other comprehensive income. For non-purchased financial assets or financial assets that are credit-impaired, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, excluding financial assets that are subsequently impaired.

For financial assets that are subsequently impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. In subsequent reporting periods, if the credit risk on the credit-impaired asset improves such that the financial asset is no longer impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset. Interest income is recognized in profit or loss.

Gains and losses of foreign exchange

The carrying amount of financial assets denominated in a foreign currency is determined in the same foreign currency and translated at the exchange rate prevailing at the end of each reporting period. For financial assets measured at amortized cost, exchange differences are recognized in profit or loss.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

H) Financial instruments (continued)

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the initial recognition of the financial instrument. The Group always recognizes lifetime expected credit losses for trade receivables and contract assets. Expected credit losses on these financial assets are estimated using a provision matrix that is based on the Group's historical credit loss estimation experience, adjusted for factors specific to the debtors, general economic conditions, and an assessment of both the current trend and forecast conditions at the reporting date, including the time value of money where appropriate.

Concept of default

The Group considers an event to be a default for internal credit risk management purposes based on historical experience and management's professional judgment that financial assets that meet any of the following criteria are doubtful of its recovery:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors in full, including the Group (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that a default can occur when a financial asset or receivable is past due by more than the average credit limit of the 90-day credit limit.

Financial assets with low credit value

A financial asset is credit-impaired when one or more events have occurred that have a detrimental impact on the estimated future cash flows of that financial asset. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or borrower;
- a breach of contract, such as default or past due date;
- the lender(s) to the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted the borrower a concession(s) that the lender would not otherwise consider;
- it has become more likely that the borrower will enter bankruptcy or other financial restructuring; or
- the disappearance of an active market for that financial asset due to financial difficulties.

Write off policy

The Group writes off a financial asset when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery, for example, when the debtor has been placed into liquidation or entered into bankruptcy proceedings. Write-off financial assets may remain subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries are recognized in profit or loss.

Measurement and recognition of the expected credit losses

The measurement of expected credit losses is a function of the probability of default (PD), the loss given default (i.e., the magnitude of the loss if there is a default), and the exposure at default (EAD). The assessment of PD and LGD is based on historical data adjusted for forward-looking information as described above. For financial assets, the EAD is recorded at the gross carrying amount of the assets at the reporting date. For financial guarantee contracts, the exposure includes the amount drawn at the reporting date, plus any additional amounts expected to be drawn in the future by the default date determined based on historical trends, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, expected credit losses are estimated as the difference between all contractual cash flows due to the company in accordance with the contract and all cash flows that the group expects to receive, discounted at the original effective interest rate.

If the Group measured the loss allowance for a financial instrument at an amount equal to the lifetime expected credit loss at the previous reporting date, but determines at the current reporting date that it does not meet the criteria for lifetime expected credit losses, the Group measures the loss allowance at an amount equal to the 12-month expected credit losses at the current reporting date, except for assets for which the simplified approach was used.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

H) **Financial instruments(continued)**

Derecognition of the financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the consideration received.

When a financial asset measured at amortized cost is derecognized, the difference between the asset's carrying amount and the sum of the consideration received and receivable recognized in profit or loss.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or equity depending on the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in an entity's assets after deducting all of its liabilities. Equity instruments issued by the group are recognized at the consideration received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at fair value through profit or loss. The Group does not have any financial liabilities measured at fair value through profit or loss.

Financial liabilities that are not (i) contingent consideration to the acquirer in a business combination, (ii) held for trading, or (iii) designated at fair value through profit or loss are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs, and other premiums or discounts) through the expected life of the financial liability, or (if appropriate), a shorter period, to the amortized cost of the financial liability.

Gains and losses of translation of foreign currencies

For financial liabilities denominated in a foreign currency and measured at amortized cost at the end of each reporting period, foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in profit or loss.

Derecognition of the financial liabilities

The Group derecognizes financial liabilities only when the Group's obligations are discharged, cancelled, or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

I) **DIVIDENDS**

An obligation for cash or non-cash distributions to equity holders is established when the distribution is approved by the General Assembly of the shareholders for the annual distribution. Distributions are approved after the approval of the General Assembly.

Non-cash dividends are measured at the fair value of the assets to be distributed, with the fair value remeasurement recognized directly in equity.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

J) Defined employees’ benefits obligations

End-of-service benefits are calculated using the projected unit credit method at the end of each financial year, with actuarial valuations performed at the end of each reporting period. Remeasurements of defined benefit obligations, which comprise actuarial gains and losses, are recognized directly in the financial position/other comprehensive income in the periods in which the remeasurement is made. Remeasurements recognized in other comprehensive income are immediately included in retained earnings and are not recognized in profit or loss in subsequent periods. Changes in the present value of benefit obligations, resulting from changes and reductions, are recognized directly in profit or loss as service costs from prior periods.

Interest is calculated using the discount rate at the beginning of the period on the defined benefit obligation. Defined benefit costs are classified as follows:

- Cost of service (including current and past service costs, plus gains and losses on curtailments and settlements);
- Cost of interests
- Remeasurement

The Group presents the first two components of defined benefit costs within profit or loss in the relevant line items.

K) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When discounting provisions, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities

Contingent liabilities are disclosed when there is a potential obligation arising from past events. Their existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely beyond the control of the Group, or a present obligation arising from past events where it is unlikely that an outflow of cash will be required to settle the obligation or a reliable estimate of the amount cannot be made.

L) Zakat

The Group is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority of the Kingdom of Saudi Arabia. The Group provides zakat on an accrual basis. Zakat is calculated based on the higher of the zakat base or adjusted net profit. Any differences in the estimate are recorded when the final assessment is approved, at which point the provision is closed. The zakat charge is included in the statement of comprehensive income. Zakat is calculated using the rates applicable at the end of the reporting period.

M) Revenue recognition

Revenue is measured at the consideration to which the Group expects to be entitled under a contract with a customer. The Group recognizes revenue when control of the service is transferred to the customer.

Rendering of services

The Group provides academic training-related services. Revenue from contract services is recognized based on the value of the work provided to the client, according to the terms and rates specified in the service contracts. Revenue from service provision is recognized in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognized based on the actual service provided at the end of the financial period as a percentage of the total services to be provided, as the customer receives the benefits simultaneously. It is determined based on the number of actual labor hours incurred compared to the total expected labor hours. Revenue from services is recognized over a period of time using the output method. Services provided that are not billed at the end of the financial period are shown as accrued revenue.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

M) Revenue recognition (continued)

Rendering of services (continued)

When contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on the specified selling prices. Where these risks are not directly observable, they are estimated based on the expected cost plus a profit margin. If the contract includes an hourly rate, revenue is recognized at the amount to which the company is entitled to bill. Customers are invoiced on a monthly basis and are accrued upon invoice. In the case of fixed-price contracts, the customer pays specific amounts based on a payment schedule. Amounts received from customers for services not performed at the end of the financial period are shown as advances from customers. Other service revenue is recognized when the service or good is provided.

N) Cost of revenue

Cost of revenue includes all direct costs, including direct labor, direct materials, and operating expenses.

O) Expenses

Marketing expenses consist primarily of costs incurred in the company's marketing, advertising, and publicity campaigns. All other expenses are classified as administrative expenses.

6. 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 disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates results in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, or in the period of the review and future periods if the changed estimates affect both current and future periods.

The following are the key assumptions concerning the future and other key sources of uncertainty as of the consolidated statement of financial position date that pose a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Group relies on available criteria in preparing the consolidated financial statements. These assumptions and estimates about future developments may change as a result of market changes and circumstances beyond the Group's control. Such changes in assumptions are disclosed when they occur.

a- Useful lives and residual values of property and equipment

The useful lives and residual values of property and equipment are estimated for depreciation purposes. These estimates are based on the expected use over their useful lives. Residual values are determined based on experience and observable data, where available.

The useful life and residual value of the Group's assets are determined by management based on a technical assessment at the time of asset acquisition and are reviewed annually to ensure suitability. The useful life is based on historical experience with similar assets as well as expectations of future events that may affect the asset's life, such as changes in technology.

b- Lease liabilities

The value of lease obligations is determined by the present value of the lease payments using an appropriate discount rate, which represents the incremental borrowing rate.

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6. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

c- Zakat estimate

Zakat expense on the group's ordinary activities represents the total zakat. Calculating the zakat due on the group necessarily involves a degree of judgment and discretion regarding certain items, which cannot be definitively determined until a settlement is reached with the relevant authority and in accordance with relevant legal decisions.

d- Impairment of trade receivables

The Group measures the loss allowance for trade receivables as an amount equal to lifetime expected credit losses. Expected credit losses on trade receivables are estimated using a provision matrix that takes into account past debtor default experience, an analysis of the debtor's current financial position, adjustments for specific debtors, general economic conditions for the nature of the business in which the debtor operates, and an assessment of the current and future direction of conditions at the reporting date. Trade receivables are generally assessed collectively unless there is a need to assess a specific debtor on an individual basis.

All financial liabilities are recognized initially when the Group becomes party to contractual provisions and obligations under the financial instrument. The liabilities are recorded at fair value, and in the case of loans and borrowings and payables, the proceeds received net of directly attributable transaction costs.

e- Revenue recognition

To determine the amount of contract revenue to be recognized, significant estimates are required in determining revenue, costs, and profits and in allocating amounts to accounting periods. Changes to the original estimates may be required during the life of the contract, and these estimates are reviewed on a regular basis. The Group continually evaluates the assumptions, risks, and uncertainties associated with applying this accounting method.

f- Actuarial valuation of the employees defined benefit obligations

The cost of defined benefit obligations is determined in accordance with the Saudi Labor Law and then measured using an actuarial valuation. The actuarial valuation includes numerous assumptions that may differ from actual future developments. These assumptions include the determination of the discount rate, future salary increases, employee behavior, and employee turnover. Due to the complexity of the valuation and its long-term nature, the unfunded defined benefit obligation is highly sensitive to changes in these assumptions. Therefore, all assumptions are reviewed at least annually when necessary.

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(A Saudi Joint Stock Company)

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(Expressed in Saudi Riyals “ﷲ”)

7. PROPERTY AND EQUIPMENT

	leasehold improvements	Electrical devices	Furniture and decoration	Motor vehicles	Tools	Projects in progress	Total
<u>2025</u>							
<i>Cost</i>							
Balance at January 01, 2024	6,620,976	13,851,616	5,173,851	848,307	1,465,002	39,338,366	67,298,118
Additions during the period	1,144,302	885,953	809,727	540,000	210,264	37,961,480	41,551,726
Transfer from projects under progress	43,948,600	13,925,149	11,522,566	-	5,540,444	(76,280,034)	(1,343,275)
Balance at June 30, 2025	51,713,878	28,662,718	17,506,144	1,388,307	7,215,710	1,019,812	107,506,569
<i>Accumulated depreciation</i>							
Balance at January 01, 2024	1,968,037	8,166,972	2,878,575	425,202	860,130	-	14,298,916
Depreciation Charge during the period	5,915,370	5,012,212	2,572,471	351,097	1,155,020	-	15,006,170
Balance at June 30, 2025	7,883,407	13,179,184	5,451,046	776,299	2,015,150	-	29,305,086
Net carrying amounts June 30, 2025	43,830,471	15,483,534	12,055,098	612,008	5,200,560	1,019,812	78,201,483

- The additions include an amount of ﷲ 891 thousand, representing borrowing costs that were capitalized during the period.

- Allocation of annual depreciation as follows:

	For the period from 1 January 2024 to 30 June 2025	31 December 2023
Cost of revenue	13,315,037	2,567,457
General and administrative expenses	1,691,133	64,916
	15,006,170	2,632,373

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7. PROPERTY AND EQUIPMENT (CONTINUED)

	leasehold improvements	Electrical devices	Furniture and decoration	Motor vehicles	Tools	Projects in progress	Total
<u>2023</u>							
<i>Cost</i>							
Balance at January 01, 2023	4,827,643	11,504,604	4,163,781	699,696	1,250,337	-	22,446,061
Additions during the year	1,793,333	2,347,012	1,010,070	475,904	214,665	39,338,366	45,179,350
Disposals	-	-	-	(327,293)	-	-	(327,293)
Balance at December 31, 2023	6,620,976	13,851,616	5,173,851	848,307	1,465,002	39,338,366	67,298,118
<i>Accumulated depreciation</i>							
Balance at January 01, 2023	1,185,766	7,015,496	2,437,538	687,579	667,457	-	11,993,836
Depreciation Charge during the year	782,271	1,151,476	441,037	64,916	192,673	-	2,632,373
Disposals	-	-	-	(327,293)	-	-	(327,293)
Balance at December 31, 2023	1,968,037	8,166,972	2,878,575	425,202	860,130	-	14,298,916
Net carrying amounts December 31, 2023	4,652,939	5,684,644	2,295,276	423,105	604,872	39,338,366	52,999,202

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8. INTANGIBLE ASSETS

Cost:	30 June 2025	31 December 2023
Balance at beginning of period / year	1,372,185	1,018,345
Additions during the period / year	1,279,793	353,840
Transfer from projects under progress during the period / year	1,343,275	-
Balance at the end of period / year	3,995,253	1,372,185
<u>Accumulated depreciation</u>		
Balance at beginning of period / year	505,784	449,871
Depreciation charge during the period / year	820,141	55,913
Balance at the end of period / year	1,325,925	505,784
Net book value at the end of the period / year	2,669,328	866,401

9. RIGHT-OF-USE ASSETS

June 30, 2025	Leasehold premises
Cost:	
Cost at January 1, 2024	49,661,082
Additions during the period	45,868,905
Adjustments during the period / year	(1,493,388)
Balance at June 30, 2025	94,036,599
<u>Accumulated depreciation</u>	
Accumulated Depreciation at January 1, 2024	8,770,577
Depreciation charge during the period	12,800,816
Adjustments	(2,159,522)
Balance at June 30, 2025	19,411,871
Net book value at June 30, 2025	74,624,728

December 31, 2023	Leasehold premises
Cost:	
Cost at January 1, 2023	11,536,832
Additions during the year	38,124,250
Balance at December 31, 2023	49,661,082
<u>Accumulated depreciation</u>	
Accumulated Depreciation at January 1, 2023	3,967,082
Depreciation charge during the year	4,803,495
Balance at December 31, 2023	8,770,577
Net book value at December 31, 2023	40,890,505

- Depreciation incurred during the period was recorded within the cost of revenue.

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10. PREPAID EXPENSES AND OTHER RECEIVABLE

	30 June 2025	31 December 2023
VAT	-	7,911,071
Advances to suppliers	340,060	4,418,873
Islamic Murabaha deposits interests	-	253,000
Prepaid expenses	1,638,217	936,568
Employees’ custodies and receivables	413,165	186,168
Letters of guarantee	455,450	-
Others	1,686,750	410,489
	4,533,642	14,116,169

11. INVENTORY

It is represented in the inventory of iPads and educational courses that are delivered to new students at the beginning of the study:

	30 June 2025	31 December 2023
Inventory	4,266,188	4,350,177
	4,266,188	4,350,177

12. STUDENTS’ RECEIVABLES

	30 June 2025	31 December 2023
Students’ receivables	130,124,467	32,216,091
Provision for expected credit losses	(11,686,639)	(3,553,798)
	118,437,828	28,662,293

Movement in the provision for expected credit losses:

	30 June 2025	31 December 2023
Opening balance for period / year	3,553,798	2,755,351
Provided during period / year	8,132,841	798,447
Balance at the end of period / year	11,686,639	3,553,798

13. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

During the period, the Group’s management invested in Discretionary Portfolio Management (“Investment portfolio”), managed by an investment manager, and the Group’s management chose to measure and classify its investments at fair value through profit or loss. The value of these investments as of June 30, 2025, amounted to ﷲ 20,516,135, including cash in the investment portfolio of ﷲ 1,417.

Cost:	30 June 2025	31 December 2023
Opening balance	-	-
Paid during the period / year	25,000,000	-
Received during the period / year	(5,280,690)	-
Profits from investments at fair value through profit or loss	796,825	-
Balance at the end of period / year	20,516,135	-

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14. CASH AND CASH EQUIVALENT

	<u>30 June 2025</u>	<u>31 December 2023</u>
Cash at banks	6,281,810	3,827,439
Islamic deposits (*)	-	23,000,000
	<u>6,281,810</u>	<u>26,827,439</u>

(*) It is represented Islamic Murabaha deposits with local banks, with an average return on short-term Murabaha deposits of approximately 6%.

15. SHARE CAPITAL

The company's capital amounted to ﷲ 60,000,000, divided into 60,000,000 shares with a nominal value of ﷲ 1 per share (on December 31, 2023: ﷲ 60,000,000 divided into 60,000,000 shares with a nominal value of ﷲ 1 per share), and the capital is distributed among shareholders in varying proportions.

The Extraordinary General Assembly, in its meeting held on June 25, 2024, approved the Board of Directors' recommendation to increase the Company's share capital by distributing bonus shares to shareholders through the capitalization of ﷲ 30 million from retained earnings, bringing the total capital to ﷲ 90 million instead of ﷲ 60 million. The number of the Company's shares before the increase was 60 million, and it will become 90 million shares after the increase.

16. STATUTORY RESERVE

The Extraordinary General Assembly, in its meeting held on June 25, 2024, approved the transfer of the Company's entire statutory reserve balance, amounting to ﷲ 6,630,971 as stated in the financial statements for the year ending December 31, 2023, to the retained earnings.

17. EMPLOYEES END OF SERVICE BENEFITS

17-a Movement of employees end of service benefits

	<u>30 June 2025</u>	<u>31 December 2023</u>
Balance at the beginning of the period / year	4,275,293	3,031,583
Current service cost	2,772,060	1,099,120
Interest cost	302,631	122,088
Paid during the period / year	(281,959)	(136,556)
Actuarial losses	1,230,627	159,058
Balance at the end of the period / year	<u>8,298,652</u>	<u>4,275,293</u>

17-b Charge to profit and loss

	<u>30 June,2025</u>	<u>31 December,2023</u>
Current service cost	2,772,060	1,099,120
Interest cost	302,631	122,088
	<u>3,074,691</u>	<u>1,221,208</u>

17-c Charge to other comprehensive income

	<u>30 June 2025</u>	<u>31 December 2023</u>
Actuarial losses from remeasurement	1,230,627	159,058
	<u>1,230,627</u>	<u>159,058</u>

17-d Key actuarial assumptions are as follows:

	<u>30 June 2025</u>	<u>31 December 2023</u>
Discount rate	5,11%	4,88%
Annual salary increase rate	5,11%	4,5%

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17. EMPLOYEES DEFINED BENEFITS OBLIGATIONS (CONTINUED)

17-d Key actuarial assumptions are as follows (continued)

The sensitivity of defined benefit obligations for changes in the key weighted assumptions as the balance of the obligation will become for the period ending June 30, 2025, is as follows:

	<u>30 June 2025</u>	<u>31 December 2023</u>
Discount rate +1%	7,791,658	4,026,782
Discount rate -1%	8,871,896	4,555,232
Salary increase rate +1%	8,906,138	4,553,485
Salary increase rate -1%	7,751,635	4,023,659

18. ACCRUED EXPENSES AND OTHER PAYABLE

	<u>30 June 2025</u>	<u>31 December 2023</u>
Revenue received in advance	1,227,393	3,411,420
Accrued vacations	1,918,697	1,426,233
Accrued expenses	1,146,294	872,901
Accrued benefits and commissions	973,000	2,580,250
Remunerations of board of directors and committees	534,000	360,000
Other payable balances	212,000	101,288
VAT	1,559,331	-
Contract liabilities	4,291,305	-
	<u>11,862,020</u>	<u>8,752,092</u>

19. LEASE LIABILITIES

	<u>30 June 2025</u>	<u>31 December 2023</u>
Lease liabilities non-current portion	71,782,688	34,202,400
Lease liabilities current portion	6,289,095	4,957,413
	<u>78,071,783</u>	<u>39,159,813</u>

- The total amounts paid for lease obligations during the period amounted to ﷲ15,992,531 (in 2023, amounting to ﷲ 8,062,000)
- Total financing expenses resulting from lease obligations during the period amounted to ﷲ 8,063,409 (2023: ﷲ 2,060,708).

The table below summarizes the maturity of lease liabilities based on undiscounted contractual payments:

	<u>30 June 2025</u>	<u>31 December 2023</u>
Less than one year	12,094,156	7,865,975
From one year to 5 years	56,934,341	28,428,790
More than 5 years	42,103,841	17,348,325
	<u>111,132,338</u>	<u>53,643,090</u>

20. LOANS

During the period, the company obtained Sharia-compliant credit facilities from three local banks, totaling approximately ﷲ 60 million for a term ranging from 4 to 5 years to finance future expansion. The company submitted a joint liability and performance guarantee from the chairman of the board of directors, as well as promissory notes as security for the loans. As of June 30, 2025, the loan agreements are subject to a bank-charged profit margin represented by SIBOR, in addition to a profit margin and a fixed profit margin.

	<u>30 June 2025</u>	<u>31 December 2023</u>
Murabaha loans non-current portion	45,366,213	-
Murabaha loans current portion	11,882,633	-
	<u>57,248,846</u>	<u>-</u>

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21. PROVISION FOR ZAKAT

a- Movement of provision for zakat

	30 June 2025	31 December 2023
Balance at beginning of period / year	<u>1,704,882</u>	<u>2,651,434</u>
Paid during the period / year	<u>(1,709,882)</u>	<u>(2,651,434)</u>
Provided during period / year	<u>4,441,095</u>	<u>1,704,882</u>
Balance at end of period / year	<u><u>4,436,095</u></u>	<u><u>1,704,882</u></u>

b- Zakat assessment status

The company has submitted its zakat returns for the years up to 2023. The Zakat, Tax, and Customs Authority has reviewed the company's zakat returns and finalized the assessment and payment for the years up to 2020. During the period, the company received the final assessment for the year 2023 and paid zakat differences amounting to ﷲ9.7 thousand.

22. REVENUE, NET

	For the period from 1 January 2024 to 30 June 2025	31 December 2023
Revenue, net	<u>227,913,440</u>	<u>92,905,710</u>
	<u><u>227,913,440</u></u>	<u><u>92,905,710</u></u>

Revenues is represented in the revenue of educational services provided by the Group in accordance with the instructions issued by the Technical and Vocational Training Corporation, in addition to the revenues of short courses. All revenues are earned inside the Kingdom of Saudi Arabia.

23. COST OF REVENUE

	For the period from 1 January 2024 to 30 June 2025	31 December 2023
Salaries, wages and equivalent	<u>50,274,855</u>	<u>13,356,951</u>
Educational tools	<u>17,854,662</u>	<u>6,896,582</u>
Depreciation	<u>14,135,178</u>	<u>2,623,370</u>
Depreciation of right of use assets	<u>12,800,816</u>	<u>4,803,495</u>
Government fees and licenses	<u>963,450</u>	<u>438,534</u>
Vacations & air tickets	<u>3,146,636</u>	<u>1,010,250</u>
End of service benefits	<u>2,124,084</u>	<u>650,815</u>
Electricity	<u>1,374,925</u>	<u>471,229</u>
Internet, telephone and post	<u>837,039</u>	<u>368,126</u>
Maintenance and cleaning	<u>3,076,844</u>	<u>1,479,621</u>
GOSI	<u>4,929,431</u>	<u>1,201,651</u>
Other	<u>5,153,715</u>	<u>2,041,576</u>
	<u><u>116,671,635</u></u>	<u><u>35,342,200</u></u>

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24. GENERAL AND ADMINISTRATIVE EXPENSES

	For the period from 1 January 2024 to 30 June 2025	31 December 2023
Salaries, wages and equivalent	16,961,898	10,716,709
GOSI	895,458	844,326
Outsourced labor cost	376,309	264,230
Depreciation	1,691,133	64,916
Government fees and licenses	708,402	470,744
Entertainment, cleaning and maintenance	409,685	256,752
Professional fees	1,195,114	612,207
Benefits and bonuses	508,350	3,195,000
Board of directors and committees	534,000	360,000
Other	2,706,345	1,781,108
	25,986,694	18,565,992

25. MARKETING EXPENSES

	For the period from 1 January 2024 to 30 June 2025	31 December 2023
Salaries, wages and equivalent	7,763,737	1,802,788
Advertising and publicity	17,777,099	6,562,412
Marketing commission	1,390,000	1,082,000
Other	1,060,534	169,092
	27,991,370	9,616,292

26. OTHER INCOME

	For the period from 1 January 2024 to 30 June 2025	31 December 2023
Islamic Murabaha deposits gain	237,377	1,999,688
Other	6,641,582	1,854,633
	6,878,959	3,854,321

27. RELATED PARTIES TRANSACTIONS

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties consist of shareholders, directors, and businesses in which the shareholders and directors, individually or collectively, have significant influence. The Group's transactions with related parties are conducted in the ordinary course of business and are approved by management.

- Significant transactions with related parties during the period / year are as follows:

	Relationship / Nature of the transactions	For the period from 1 January 2024 to 30 June 2025	31 December 2023
Canadian General Medical Center Complex Company	Under common directorship / Service	133,811	-

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27. RELATED PARTIES TRANSACTIONS (CONTINUED)

- Remuneration of Board members and key management personnel:

	For the period from 1 January 2024 to 30 June 2025		31 December 2023	
	Board of directors	Key management personnel	Board of directors	Key management personnel
Board of directors and committees’ remuneration	534,000	-	360,000	-
Salaries, wages, allowances and benefits	-	3,946,708	-	4,581,655
End of service benefits	-	289,554	-	146,303
	534,000	4,236,262	360,000	4,727,958

28. CONTINGENT LIABILITIES

As of June 30, 2025, the Group has no contingent liabilities (December 31, 2023, amounting to nil).

29. DIVIDENDS

On February 15, 2024, the Board of Directors decided to distribute cash dividends to the shareholders in the amount of ﷲ 9,000,000 for the second half of the financial year 2023, on the condition that the eligibility of dividends to be to shareholders who own the company’s shares at the end of trading on Thursday, March 21, 2024, and who are registered in the company’s shareholders’ register with the Securities Depository Center Company (Edaa) at the end of the second trading day following the due date.

On July 27, 2023, the Board of Directors decided to distribute cash dividends to the shareholders in the amount of ﷲ 9,000,000 for the first half of the financial year 2023. The dividends are due to shareholders who own the company’s shares at the end of trading on Thursday, September 14, 2023, and who are registered in the company’s shareholders’ register with the Securities Depository Center Company (Edaa) at the end of the second trading day following the due date.

The Ordinary General Assembly of shareholders, in its meeting held on April 5, 2023, approved the Board of Directors’ recommendation to distribute cash dividends of ﷲ 12 million to the shareholders for the second half of 2022, at ﷲ 2 per share (ﷲ 0.20 per share after the share split), with the distribution date set on April 16, 2023.

30. FINANCIAL INSTRUMENTS

a) Financial assets

	30 June 2025	31 December 2023
Other receivable balances	2,895,425	5,268,530
Students’ receivables	118,437,828	28,662,293
Cash and cash equivalent	6,281,810	26,827,439
Investments at fair value through profit or loss	20,516,135	-
	148,131,198	60,758,262

b) Financial liabilities

	30 June 2025	31 December 2023
Trade payables	5,309,799	1,741,832
Other payable balances	10,302,689	8,752,092
Lease liabilities	78,071,783	39,159,813
	93,684,271	49,653,737

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30. FINANCIAL INSTRUMENTS (CONTINUED)

c) Fair value measurement

The Group uses a fair value hierarchy classified into Levels 1, 2 and 3 based on the degree of inputs into the fair value measurement for all assets and liabilities as described below:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is non observable.

Investments at fair value through profit or loss primarily represent investments in equity securities traded in active market and are classified at Level 1 of the fair value hierarchy.

The Group believes that the carrying value of financial assets and financial liabilities approximates their fair value.

d) Financial instruments risks

The Group's financial assets include cash and cash equivalents, student receivables, due from related parties, and certain other receivables arising directly from its operations, as well as deposits. The Group's financial liabilities consist of amounts due to related parties, trade payables, accrued expenses, and other payables, in addition to long-term and short-term loans. The primary purpose of these financial liabilities is to finance the Group's operations.

The Group is exposed to market risks, credit risks, and liquidity risks. The Group's senior management oversees the management of these risks. The Group's financial risk activities are subject to appropriate policies and procedures. Financial risks are identified, measured, and managed in accordance with the Group's policies and risk appetite. Management reviews and approves policies to manage each of these risks, which are summarized below:

Market risk

Market risk is the risk that the fair value of a financial instrument's future cash flows will fluctuate due to changes in market prices. Market prices include three types of risk: interest rate risk, currency risk, and other price risks, such as equity price risk and commodity price risk.

Foreign currency risk

Foreign exchange risk arises from changes and fluctuations in the value of financial instruments as a result of changes in foreign exchange rates. The Group believes that foreign exchange risk is immaterial as the Group has not undertaken any relatively significant transactions in currencies other than the Saudi Riyal.

Interest rate risk

Commission risk arises from potential changes and fluctuations in commission rates that affect future profit or the fair values of financial instruments. The Group monitors commission rate fluctuations and believes that the impact of commission rate risk is not material.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's financial instruments that may be subject to credit risk primarily include cash at banks and accounts receivable. The Group deposits its funds in reliable and creditworthy financial institutions. The Group has a policy regarding the amount of funds deposited in each bank, and management does not expect significant credit risk. It also monitors outstanding accounts receivable on a regular basis.

The Group calculates expected credit losses for student receivables using the simplified method, with expected credit losses amounting to ﷲ 11.7 million (December 31, 2023: ﷲ 3.6 million). The table below shows the aging of students' receivables:

	30 June 2025	31 December 2023
Not yet due	86,201,758	16,978,591
Overdue for less than one year	35,833,183	11,200,341
Overdue from one year to two years	4,537,381	2,020,623
Overdue for more than two years	3,552,145	2,016,536
Total	130,124,467	32,216,091
Less: expected credit losses	(11,686,639)	(3,553,798)
Net students' receivables	118,437,828	28,662,293

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30. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its financial liabilities when they fall due. Management ensures that sufficient funds are available to meet any obligations as they fall due. The Group's financial liabilities consist of trade payables, accruals, other credit balances, and due to a related party, in addition to short- and long-term loans. The Group mitigates liquidity risk by ensuring the availability of bank facilities and aligning the collection periods of customer balances with the payment periods of supplier balances and other credit balances. All accounts payable and accruals do not carry any financing costs and are expected to be settled within 12 months from the date of the financial statements.

e) MANAGEMENT OF FINANCIAL INSTRUMENTS RISKS

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

As at June 30, 2025	Less than one year	1-5 years	More than 5 years	Total
Trade payables	5,309,799	-	-	5,309,799
Other payable balances	10,302,689	-	-	10,302,689
Lease liabilities	12,094,156	56,934,341	42,103,841	111,132,338
	27,706,644	56,934,341	42,103,841	126,744,826

As at 31, December, 2023	Less than one year	1-5 years	More than 5 years	Total
Trade payables	1,741,832	-	-	1,741,832
Other payable balances	8,752,092	-	-	8,752,092
Lease liabilities	7,865,975	28,428,790	17,348,325	53,643,090
	18,359,899	28,428,790	17,348,325	64,137,014

31. EARNINGS PER SHARE

Basic earnings per share is calculated based on the weighted average number of common shares outstanding during the fiscal year, and diluted earnings per share is calculated by adjusting basic earnings per share for the weighted average number of additional common shares that would have been outstanding assuming all dilutive potential common shares were converted into common shares.

	For the period from 1 Jan 2024 to 30 June 2025	31 December 2023 (restated)
Net profit for the period / year	41,456,300	28,671,510
Weighted average number of common shares used as the denominator when calculating basic and diluted earnings per share	90,000,000	90,000,000
Basic and diluted earnings per share related to net profit for the period / year	0.46	0.32

ACADEMY OF LEARNING COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 1, 2024 TO JUNE 30, 2025

(Expressed in Saudi Riyals “ﷲ”)

32. RECLASSIFICATION

The comparative year amount has been reclassified, as explained below, to improve and conform to the current period presentation, and the reclassification had no impact on the reported results for the year.

Statement of consolidated financial position

Reclassification from:	Reclassification to:	31 December, 2023
Property and equipment	Intangible assets	866,401

This reclassification does not affect the previously reported profit for the year ended December 31, 2023 in the consolidated statement of comprehensive income and the previously reported cash flows from operating activities in the statement of cash flows for the year ended on that date.

33. SEGMENTAL REPORTING

The Company provides educational services and has a single operating segment, which is educational activities. The Company operates only in the Kingdom of Saudi Arabia and has no geographical segments.

The subsidiaries did not carry out any activities during the period ended June 30, 2025.

34. SUBSEQUENT EVENTS

- The Board of Directors, in its meeting held on September 20, 2025, resolved to recommend to the General Assembly the distribution of cash dividends amounting to ﷲ 9,000,000.
- The Board of Directors, in its meeting held on September 20, 2025, also resolved to recommend to the General Assembly an increase in the Company’s share capital through the issuance of bonus shares to the shareholders, by capitalizing an amount of ﷲ 45,000,000 from retained earnings.

35. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Board of Directors of the Company on 20 September, 2025 G.