

ACADEMY OF LEARNING COMPANY

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UN-AUDITED) AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX MONTHS
PERIOD ENDED JUNE 30, 2023**

ACADEMY OF LEARNING COMPANY

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023 (UN-AUDITED)**

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

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

Introduction

We have reviewed interim condensed consolidated statement of financial position of Academy of Learning Company "Saudi Joint Stock Company" ("the Company") and its subsidiary (together "the Group") as of June 30, 2023 and the related interim condensed consolidated financial statements of comprehensive income, changes in equity and cash flows for the six months period then ended and a summary of significant accounting policies and other selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34) "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

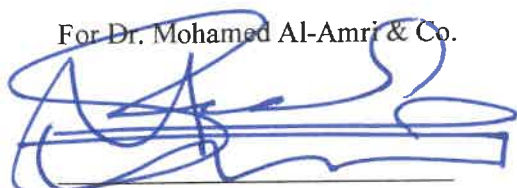
Scope of review

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

Conclusion

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

For Dr. Mohamed Al-Amri & Co.



Maher T. Al-Khatieb
Certified Public Accountant
Registration No. 514

Dammam, on 16 Muharram 1445 (H)

Corresponding to: 3 August 2023 G



ACADEMY OF LEARNING COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023(UN-AUDITED)
(All amounts Expressed in Saudi Riyals)

	Notes	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
ASSETS			
Non-current assets			
Property and equipment	5	35,059,917	11,020,699
Right-of-use assets	6	37,389,770	7,569,750
Total non-current assets		72,449,687	18,590,449
Current assets			
Prepaid expenses and other receivable balances	7	12,316,667	7,001,895
Inventory		4,075,123	2,152,025
Students' receivables		21,787,749	17,597,103
Islamic murabaha deposits		50,000,000	50,000,000
Cash and cash equivalent		16,129,201	26,959,987
Total current assets		104,308,740	103,711,010
TOTAL ASSETS		176,758,427	122,301,459
EQUITY AND LIABILITIES			
Equity			
Share capital	8	60,000,000	60,000,000
Statutory reserve		3,779,726	3,779,726
Retained earnings		43,989,573	41,786,096
Total equity		107,769,299	105,565,822
Liabilities			
Non-current liabilities			
Employees' defined benefits obligations		3,531,792	3,031,583
Lease liabilities	6	31,106,085	4,636,020
Total non-current liabilities		34,637,877	7,667,603
Current liabilities			
Trade payables		1,217,429	-
Accrued expenses and other payable balances		5,503,437	4,015,764
Lease liabilities	6	4,391,282	2,400,836
Provision for zakat	9	1,239,103	2,651,434
Loans	10	22,000,000	-
Total current liabilities		34,351,251	9,068,034
Total liabilities		68,989,128	16,735,637
TOTAL EQUITY AND LIABILITIES		176,758,427	122,301,459


Finance Manager


CEO


Chairman

The accompanying notes from 1 to 17 form an integral part of these Interim condensed consolidated financial statements.

ACADEMY OF LEARNING COMPANY
(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023 (UN-AUDITED)**

(All amounts expressed in Saudi Riyals)

	<u>Notes</u>	<u>For the period ended</u>	
		<u>June 30, 2023</u>	<u>June 30, 2022</u>
Revenues, net		38,823,035	26,209,611
Cost of revenues		(13,381,190)	(9,511,870)
Gross profit		25,441,845	16,697,741
General and administrative expenses		(8,775,835)	(4,662,703)
Selling and marketing expenses		(2,661,435)	(2,830,282)
Operating profit		14,004,575	9,204,756
Lease financing expenses		(566,229)	(180,368)
Other income		2,004,234	-
Net profit before zakat		15,442,580	9,024,388
Provision for zakat	9	(1,239,103)	(864,354)
Net profit for the period		14,203,477	8,160,034
Other comprehensive income		-	-
Total comprehensive income		14,203,477	8,160,034
Basic and diluted earnings per share	12	0,24	0,14


Finance Manager


CEO


Chairman

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ACADEMY OF LEARNING COMPANY
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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023**
(All amounts expressed in Saudi Riyals)

	Share capital	Statutory reserve	Retained earnings	Total equity
Balance at January 01, 2022 (audited)	60,000,000	1,638,804	31,517,796	93,156,600
Net profit for the period	-	-	8,160,034	8,160,034
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	8,160,034	8,160,034
Balance at June 30, 2022 (un-audited)	60,000,000	1,638,804	39,677,830	101,316,634
Balance at January 01, 2023 (audited)	60,000,000	3,779,726	41,786,096	105,565,822
Dividends paid	-	-	(12,000,000)	(12,000,000)
Net profit for the period	-	-	14,203,477	14,203,477
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	14,203,477	14,203,477
Balance at June 30, 2023 (un-audited)	60,000,000	3,779,726	43,989,573	107,769,299



Finance Manager



CEO



Chairman

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ACADEMY OF LEARNING COMPANY
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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023 (UN-AUDITED)**

(All amounts expressed in Saudi Riyals)

	For the period ended	
	June 30, 2023	June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before zakat	15,442,580	9,024,388
<i>Adjustments for:</i>		
Depreciation of property and equipment	1,229,885	644,818
Depreciation of right of use assets	1,593,142	1,321,197
Lease financing expenses	566,229	180,368
Expected credit losses	766,107	908,039
Addition to employees' defined end of service benefits obligations	509,477	283,911
	20,107,420	12,362,721
<i>Changes in operation assets and liabilities:</i>		
Inventory	(1,923,098)	655,215
Prepaid expenses and other receivable balances	(5,314,772)	(4,907,525)
Students' receivables	(4,956,753)	(4,806,086)
Trade payables	1,217,429	658,883
Accrued expenses and other payable balances	1,487,673	(64,569)
	10,617,899	3,898,639
Employees defined end of service benefits obligations paid	(9,268)	(71,403)
Zakat paid	(2,651,434)	(1,781,633)
Net cash generated from operating activities	7,957,197	2,045,603
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(25,269,103)	(2,837,740)
Net cash used in investing activities	(25,269,103)	(2,837,740)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(12,000,000)	-
Lease liabilities paid	(3,518,880)	(1,078,910)
Proceed from loans	22,000,000	-
Net cash generated from / (used in) financing activities	6,481,120	(1,078,910)
Net change in cash and cash equivalent	(10,830,786)	(1,871,047)
Cash and cash equivalent at beginning of period	26,959,987	76,138,547
Cash and cash equivalent at end of period	16,129,201	74,267,500


Finance Manager


CEO


Chairman

The accompanying notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements.

ACADEMY OF LEARNING COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023 (UN-AUDITED)

(All amounts expressed in Saudi Riyals unless otherwise mentioned)

1. ORGANIZATION AND ACTIVITIES

Academy of Learning Company (the "Company") is a Saudi joint stock company, registered in Dammam, Kingdom of Saudi Arabia, and operating under the commercial registration issued in Dammam under No. 2050047188 dated 15 Dhul Qi'dah 1425 -H (corresponding to December 27, 2004) and its main Head office is located in Dammam. The main activities are wholesale of computers and their accessories, including (selling printers and their inks) and administrative training institutes.

These condensed interim financial statements include the activities and results of the following branches whose activities are in training institutes under licenses from the Technical and Vocational Training Corporation:

Branch	CR. NO	Date of CR	City
Canadian linguistics center	2050055639	23/06/1428	Dammam
Higher learning institute for training	2051040924	09/10/1430	Al-Khobar
Higher learning institute for training	2055013985	23/09/1432	Jubail
Canadian Language Center	2055013984	23/09/1432	Jubail
Canadian Language Center	2053025339	01/06/1433	Al Qateef
Higher learning institute for training	2050097822	03/04/1435	Dammam
Canadian Language Center	2050097826	03/04/1435	Dammam
Higher learning institute for training	2252058424	13/09/1435	Al Ihsa
Canadian Language Center	2051059261	13/01/1436	Al Khobar
Higher learning institute for training	2053032147	18/02/1436	Al Qateef
Canadian Language Center	1010428951	25/06/1436	Riyadh
Canadian Language Center	2252064339	17/03/1437	Al Ihsa
Institute of Higher Learning Academy for Training	1010623225	25/05/1441	Riyadh

The Extraordinary General Assembly of the company decided, in its meeting held on June 29, 2021, that the company's shares to be registered for the purpose of direct listing in the parallel market "Nomu" and to take the necessary measures. The company had been listed in the parallel market "Nomu" on July 18, 2022.

2. THE ORGANIZATIONAL STRUCTURE OF THE GROUP

The interim condensed consolidated financial statements as of June 30, 2023 include the financial statements of the company and the following subsidiary mentioned below (together referred to as "the Group"):

<u>Name of subsidiary</u>	<u>Main activity</u>	<u>Effective rate of ownership</u>
Academy of learning for investment Co.*	Real estate investment	100%

(*) On Jumada Al-Awwal 24, 1444 -H, corresponding to December 18, 2022, the company established the Academy of Learning for Investment Company, a single-person company - a limited liability company with commercial registration No. 2050165590, based in Dammam, with a capital of SR100,000 owned 100% by the Academy of Learning Company. The company's activity is represented in buying and selling of real estate, managing and renting real estate, real estate development, real estate brokerage and real estate marketing, provided that the financial year of the company according to the articles of association starts from December 18, 2022 until December 31, 2023. The company did not pay the company's capital stated in the commercial register until the date of the financial statements. Further, the subsidiary company did not practice any commercial activity until the date of the financial statements.

3. BASIS OF PREPARATION

These interim condensed consolidated financial statements of the Group have been prepared in accordance with the requirements of International Accounting Standard 34 - "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement as endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Group's latest annual consolidated financial statements for the year ended December 31, 2022 ("latest annual consolidated financial statements"). These interim condensed consolidated financial statements do not include all of the information required for a complete set of consolidated financial statements.

ACADEMY OF LEARNING COMPANY

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023 (UN-AUDITED)**

(All amounts expressed in Saudi Riyals unless otherwise mentioned)

4. SIGNIFICANT ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in its interim condensed consolidated financial statements as in its latest annual consolidated financial statements, except for the following amendments which apply for the first time in 2023. However, not all are expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

4-1 Standards and amendments issued, applied and effective in the current period

There are no new standards issued, however, there are amendments to the following standards, which are effective in current period and have no material impact on Group's interim condensed consolidated financial statement;

Amendments to standard	Description	Effective for annual years beginning on or after
IAS 8	Amendment - Definition of accounting estimates	January 1, 2023
IAS 1, IFRS practice statement 2	Amendment - Disclosure of Accounting Policies	January 1, 2023
IAS 12	Amendment - Deferred Tax Related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
IFRS 17	Insurance contracts	January 1, 2023

4-2 The effect of accounting standards that will be applied in future periods

There are a number of standards and interpretations which have been issued by the International Accounting standards Board that are effective for periods beginning subsequent to December 31, 2023 (the date of the Group's next annual financial statements) that the Group has decided not to adopt early. The Group does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

ACADEMY OF LEARNING COMPANY
(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023 (UN-AUDITED)**

(All amounts expressed in Saudi Riyals unless otherwise mentioned)

5. PROPERTY AND EQUIPMENT

The following is a reconciliation of changes in property and equipment balances:

	June 30, 2023 (un-audited)	December 31, 2022 (audited)
Net book value at beginning of period/year	11,020,699	6,668,273
Additions during period / year*	25,269,103	5,969,518
Depreciation during period / year	(1,229,885)	(1,617,092)
Net book value at end of period / year	35,059,917	11,020,699

* Additions during the period include an amount of SR 24,316,115, which represents the value of additions to projects in progress, which are represented in the leasehold improvements for the new branches of the group in Riyadh and Khobar, in addition to the advance payments paid to suppliers in exchange for improvements for the new branches with a value of SR 6,976,747.

6. LEASES

Right of use assets

The following is a reconciliation of changes in right-of-use assets:

	June 30, 2023 (un-audited)	December 31, 2022 (audited)
Net book value at beginning of period/year	7,569,750	4,550,536
Additions during period / year	31,413,162	5,582,511
Depreciation during period / year	(1,593,142)	(2,563,297)
Net book value at end of period / year	37,389,770	7,569,750

Lease liabilities

The following is a reconciliation of changes in lease liabilities:

	June 30, 2023 (un-audited)	December 31, 2022 (audited)
Balance at beginning of period/year	7,036,856	3,820,273
Additions during period / year	31,413,162	5,571,107
Paid during period / year	(3,518,880)	(2,747,450)
Interest expense during period/year	566,229	392,926
Balance at end of period / year	35,497,367	7,036,856

ACADEMY OF LEARNING COMPANY
(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023 (UNAUDITED)**

(All amounts expressed in Saudi Riyals unless otherwise mentioned)

7. PREPAID EXPENSES AND OTHER RECEIVABLE BALANCES

The balances of prepaid expenses and other receivable balances, as of June 30, 2023, amounted to SR 12,316,667, include the amount of SR 8,503,233 represents the debited value of value-added tax.

8. SHARE CAPITAL

The company's capital amounted to SR 60,000,000 divided into 60,000,000 shares, with a nominal value of SR 1 per share (on December 31, 2022:SR 60,000,000 divided into 6,000,000 shares, the value of each share being 10 Saudi riyals), and the capital is distributed among the shareholders in varying proportions.

On June 14, 2023, the Extraordinary General Assembly of the Company approved the splitting of shares, as a result the nominal value of the share becomes SR 1 instead of SR 10 per share, as there is no change in the company's capital before and after the splitting of the shares.

9. PROVISION FOR ZAKAT

a- Movement of zakat provision

	June 30, 2023 (un-audited)	December 31, 2022 (audited)
Balance at beginning of period/year	2,651,434	1,728,708
Zakat assessment during period/year	-	52,925
Paid during period / year	(2,651,434)	(1,781,633)
Provision during period / year	1,239,103	2,651,434
Balance at end of period / year	1,239,103	2,651,434

b- Zakat assessment status

The company has submitted zakat returns for the years up to 2022.

The Zakat, Tax and Customs Authority has reviewed the zakat returns submitted by the company, and the final assessment has been made for the years up to 2020.

10. LOANS

On June 7, 2023, the parent company signed facility agreement "Islamic financing agreement" with one of the local banks with a financing limit of SR 45 million with a profit margin plus the SIBOR price. According to that agreement, the company obtained a short-term loan of SR 22 million, for a period of 3 months at once, and the company has provided some guarantees to the bank, including the assets mortgage of the bank deposit amounting to SR 50 million, in addition to some other guarantees.

11. TRANSACTIONS WITH RELATED PARTIES

The following is a statement of the remunerations of key management personnel:

	June 30, 2023 (un-audited)	June 30, 2022 (unaudited)
Salaries and allowances	1,176,415	529,000
Remunerations	880,000	-
End of service benefits	65,988	20,006
	2,122,403	549,006

12. EARNING PER SHARE

Basic earnings per share is calculated on the basis of the weighted average number of the outstanding ordinary shares during the financial period, and diluted earnings per share is calculated by adjusting basic earnings per share for the weighted average number of the additional ordinary shares that would have been outstanding assuming the conversion of all diluted potential ordinary shares into ordinary shares.

ACADEMY OF LEARNING COMPANY
(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023 (UNAUDITED)**

(All amounts expressed in Saudi Riyals unless otherwise mentioned)

12. EARNING PER SHARE (CONTINUED)

	For the period of six months ended	
	June 30, 2023	30 June 2022 (restated)
Net profit for the period	14,203,477	8,160,034
The weighted average number of ordinary shares used as a denominator in calculating basic and diluted earnings per share	60,000,000	60,000,000
Basic and diluted earnings per share related to net profit for the period	0.24	0.14

- In accordance with the resolution of the Extraordinary General Assembly held on June 14, 2023, the company made a division of shares so that the nominal value of the share is SR (1) instead of SR (10), and the number of shares after the amendment is 60 million shares instead of 6 million shares.
- For comparison purposes, the weighted average number of shares has been changed when calculating the earnings per share for the financial period ending on June 30, 2022, to become 60 million shares instead of 6 million shares. Accordingly, the earnings per share, as on June 30, 2022, becomes 0.14 riyals/share instead of 1.36 riyals/ share.

13. SEGMENTAL REPORTINGS

The parent company provides educational services and has one sector, which is the educational activity. The parent company operates only in the Kingdom of Saudi Arabia and has no geographical sector.

The subsidiary company does not carry out any activity since its incorporation until the date of the financial statements.

14. DIVIDENDS

The Ordinary General Assembly of Shareholders approved the recommendation of the Board of Directors, in its meeting held on April 5, 2023, to distribute cash dividends of SR 12 million to the shareholders for the second half of 2022, at 2 riyals/share, (0.20 Saudi Riyal/ share after splitting), provided that the distribution date is June 16, 2023.

15. SUBSEQUENT EVENTS

On July 27, 2023, the Board of Directors decided to distribute cash dividends to the shareholders of SAR 9,000,000 for the first half of the financial year 2023, provided that the eligibility of cash dividend will be to Shareholders owning the shares of the Company by the end of trading day of Thursday, September 14, 2023 and those registered in the Company's Register at Securities Depository Center Company (Edaa) by the end of the second trading day of eligibility.

16. MEASUREMENT OF FAIR VALUE

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, on the assumption that the market participants act in their economic best interest.

All assets and liabilities that are measured at fair value or whose fair value is disclosed in the condensed financial statements are classified according to the scope of the hierarchy of the fair value shown below:

- Level one: the quoted prices (unadjusted) in active markets for assets or liabilities identical to those being measured.
- Level two: the inputs that can be observed or monitored for the asset or liability, directly or indirectly, other than the declared prices listed within the first level.
- Level three: the unobservable inputs of the asset or liability.

The Company considers that the carrying value of the financial assets and financial liabilities approximates their fair value.

17. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Interim condensed Consolidated financial statements were approved for issue by the Board of Directors on 27 July, 2023.