

ACADEMY OF LEARNING COMPANY

(A Saudi Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2026**

ACADEMY OF LEARNING COMPANY
(A Saudi Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2026**

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

**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, 2026, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements 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), that are endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Independent Auditor's Report on the Audit of the Consolidated Financial Statements of Academy of Learning Company for the Year Ended June 30, 2026 (Continued)

Key audit matters (Continued)

Key audit matters include the following:

Key audit matter	How the matter was addressed
Revenue Recognition	
The group's revenues for the year ended June 30, 2026 amounted to ﷲ 235,5 million. Revenue represents one of the key performance indicators, which gives rise to an inherent risk in revenue recognition, particularly the risk of revenue being overstated. Given the materiality of the amount of revenue recorded, as well as the inherent risks associated with revenue recognition, revenue has been considered a Key Audit Matter. Refer to Note 5 for the material accounting policies relating to revenue and Note 23 for further details regarding revenue.	We have performed the following procedures to address this matter - Assessed the appropriateness of the Group's accounting policies for recognition of revenue in line with the requirements of IFRS 15 "Revenue from contracts with customers"; - Assessed the design and implementation of key controls relevant to the revenue cycle; - Tested a sample of recorded revenue transactions and agreed them to supporting documentation to verify the recorded revenue. - Performed a cut-off test and ensured that revenue was recorded in the appropriate financial year. - Recalculated the revenue amount for a sample of student receivables based on the agreed tuition fees and compared it with the total revenue recognized for those students in the accounting records. - Inquired from the management representatives and those charged with governance regarding their knowledge of the risks of fraud and whether any actual instances of fraud occurred. - Assessed the completeness and adequacy of the revenue-related disclosures in the consolidated financial statements.

Independent Auditor's Report on the Audit of the Consolidated Financial Statements of Academy of Learning Company for the Year Ended June 30, 2026 (Continued)

Key audit matters (Continued)

Key audit matter	How the matter was addressed
Measurement of expected credit losses	
The total student receivables as at June 30, 2026, amounted to ₪ 202,5 million, and the balance of expected credit losses amounted to ₪ 18,8 million. The Group's management has applied a simplified expected credit loss model to determine expected credit losses on student receivables balances, in accordance with the requirements of International Financial Reporting Standard No. (9) "Financial Instruments". Given that the expected credit loss model is based on significant estimates and assumptions, we have considered the calculation of expected credit losses on student receivables balances in accordance with the requirements of IFRS 9 to be a Key Audit Matter. Refer to Note 5 for the material accounting policies relating to expected credit losses and Note 12 for further details.	We have performed the following procedures to address this matter - Assessed the appropriateness of the accounting policies relating to expected credit losses on student receivables balances and assessed compliance with the requirements of the applicable accounting standards. - Assessed the accuracy and classification of student receivables in the student receivables ageing report by agreeing a sample of ageing items to the related invoices and supporting documentation. - Evaluated the significant assumptions and estimates used by management, including those relating to future economic events used in determining the probability of default and loss given default, and tested the mathematical accuracy of the expected credit loss model. - Involved our specialists to review the methodologies and models used to calculate expected credit losses, which were prepared by the expert appointed by the Group, and to assess their appropriateness and consistency with the requirements of IFRS 9, "Financial Instruments." - Assessed the appropriateness of the disclosures included in the accompanying consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Group but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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.

When we read the Annual Report of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Independent Auditor's Report on the Audit of the Consolidated Financial Statements of Academy of Learning Company for the Year Ended June 30, 2026 (Continued)

Responsibilities of the 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 misstatement, whether due to fraud or error.

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

Those Charged with Governance, in particular the Company's Board of Directors are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used, 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.

Independent Auditor's Report on the Audit of the Consolidated Financial Statements of Academy of Learning Company for the Year Ended June 30, 2026 (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- 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, where applicable, action 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



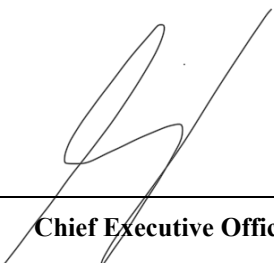
Dammam, on 06 Rabi Al-Thani, 1448 (H)
Corresponding to: 17 September, 2026 (G)

ACADEMY OF LEARNING COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026
(All amounts in Saudi Riyals “ﷲ”)

		June 30, 2026	June 30, 2025
ASSETS	Note		
Non-current assets			
Property and equipment	7	80,017,197	78,201,483
Intangible assets	8	2,245,700	2,669,328
Right-of-use assets	9	252,666,231	74,624,728
Total non-current assets		334,929,128	155,495,539
Current assets			
Prepaid expenses and other receivable balances	10	29,779,324	4,533,642
Inventory	11	4,059,180	4,266,188
Students’ receivables	12	183,775,835	118,437,828
Financial derivatives at fair value through profit or loss	13	2,511,868	-
Investments at fair value through profit or loss	14	5,964,468	20,516,135
Cash at banks	15	18,382,996	6,281,810
Total current assets		244,473,671	154,035,603
TOTAL ASSETS		579,402,799	309,531,142
EQUITY AND LIABILITIES			
Equity			
Share capital	16	135,000,000	90,000,000
Treasury shares	17	(1,850,546)	-
Retained earnings		26,691,590	54,303,947
Total equity		159,841,044	144,303,947
LIABILITIES			
Non-current liabilities			
Employees’ defined benefits obligations	18-A	11,329,826	8,298,652
Lease liabilities	20	243,759,924	71,782,688
Murabaha loans non-current portion	21	102,804,045	45,366,213
Total non-current liabilities		357,893,795	125,447,553
Current liabilities			
Trade payables		14,736,202	5,309,799
Accrued expenses and other payable balances	19	16,901,239	11,862,020
Lease liabilities	20	6,672,977	6,289,095
Murabaha loans current portion	21	19,007,965	11,882,633
Provision for Zakat	22-a	4,349,577	4,436,095
Total current liabilities		61,667,960	39,779,642
TOTAL LIABILITIES		419,561,755	165,227,195
TOTAL EQUITY AND LIABILITIES		579,402,799	309,531,142

The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.



Chief Executive Officer



Finance Manager



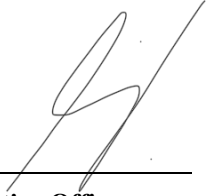
Chairman

ACADEMY OF LEARNING COMPANY
(A Saudi Joint Stock Company)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026**
(All amounts in Saudi Riyals “ﷲ”)

		June 30, 2026	For the period from January 01, 2024, to June 30, 2025
	Note		
Revenue, net	23	235,511,578	227,913,440
Cost of revenue	24	(108,479,495)	(116,671,635)
Gross profit		127,032,083	111,241,805
General and administrative expenses	25	(36,338,040)	(25,986,694)
Marketing expenses	26	(20,680,502)	(27,991,370)
Operating profit		70,013,541	57,263,741
Finance charges		(16,518,848)	(10,909,289)
Expected credit losses	12	(9,606,742)	(8,132,841)
Other income	27	6,461,886	6,878,959
Losses from the revaluation of financial derivatives at fair value through profit or loss	13	(2,840,132)	-
(Losses) / Gains from revaluation of investments at fair value through profit or loss	14	(2,508,621)	796,825
Net profit before zakat		45,001,084	45,897,395
Provision for zakat	22-a	(4,346,706)	(4,441,095)
Net profit for the year / period		40,654,378	41,456,300
Other comprehensive income items			
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial losses from the remeasurement of employees’ defined benefits obligations	18-C	(781,621)	(1,230,627)
Other comprehensive loss		(781,621)	(1,230,627)
Total comprehensive income		39,872,757	40,225,673
Basic and diluted earnings per share for the year / period	32	0.30	0.31

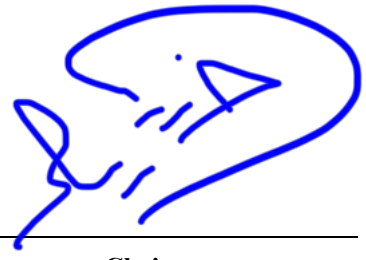
The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.



Chief Executive Officer



Finance Manager



Chairman

ACADEMY OF LEARNING COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2026
(All amounts in Saudi Riyals “ﷲ”)

	Share capital	Statutory reserve	Treasury shares	Retained earnings	Total
Balance at January 1, 2024	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
Dividends	-	-	-	(22,485,114)	(22,485,114)
Net profit for the year	-	-	-	40,654,378	40,654,378
Other comprehensive loss	-	-	-	(781,621)	(781,621)
Total comprehensive income	-	-	-	39,872,757	39,872,757
Transfer to share capital	45,000,000	-	-	(45,000,000)	-
Purchase of treasury shares	-	-	(1,850,546)	-	(1,850,546)
Balance at June 30, 2026	135,000,000	-	(1,850,546)	26,691,590	159,841,044

The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.

Chief Executive Officer

Finance Manager

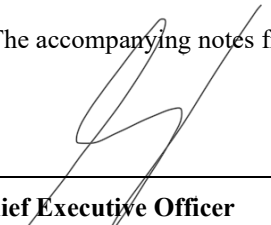
Chairman

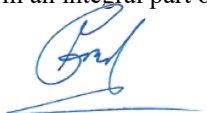
ACADEMY OF LEARNING COMPANY
(A Saudi Joint Stock Company)

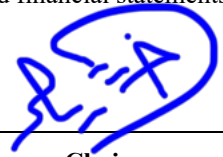
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026
(All amounts in Saudi Riyals “ﷲ”)

	June 30, 2026	For the period from January 01, 2024, to June 30, 2025
<u>Cash flows from operating activities:</u>		
Net profit before zakat	45,001,084	45,897,395
<u>Adjustments for:</u>		
Depreciation of property and equipment and intangible assets	14,052,359	15,826,311
Depreciation of right-of-use assets	11,459,335	12,800,816
Provision for expected credit losses	9,606,742	8,132,841
Finance expenses	16,518,848	10,909,289
Losses of revaluation of financial derivatives	2,840,132	-
Lease contract adjustment	-	306,053
Losses / (gains) of revaluation of investments	2,508,621	(796,825)
Current service cost of employees’ defined benefits obligations	3,034,905	3,074,691
	<u>105,022,026</u>	<u>96,150,571</u>
<u>Changes in operation assets and liabilities:</u>		
Prepaid expenses and other receivable balances	(25,658,928)	9,582,527
Inventory	207,008	83,989
Students’ receivables	(74,531,503)	(97,908,376)
Accrued expenses and other payable balances	5,039,219	3,109,928
Trade payables	9,426,403	3,567,967
Employees’ defined benefits obligations - paid	(785,352)	(281,959)
Finance charges - paid	(123,908)	-
Zakat - paid	(4,433,224)	(1,709,882)
Net cash generated from operating activities	<u>14,161,741</u>	<u>12,594,765</u>
<u>Cash flows from investing activities:</u>		
Additions to property and equipment and intangible assets	(15,444,445)	(41,940,800)
Payment of right-of-use assets	(1,413,072)	-
Net movement in investments at fair value through profit or loss	12,043,046	(19,719,310)
Net cash used in investing activities	<u>(4,814,471)</u>	<u>(61,660,110)</u>
<u>Cash flows from financing activities:</u>		
Dividends	(22,485,114)	(9,000,000)
Purchase of treasury shares	(1,850,546)	-
Payment of financial derivatives	(5,352,000)	-
Payments of lease liabilities	(26,429,866)	(15,992,531)
Proceeds from loans	76,148,000	59,500,000
Repayment of loans	(17,276,558)	(5,987,753)
Net cash generated from financing activities	<u>2,753,916</u>	<u>28,519,716</u>
Net change in cash at banks	<u>12,101,186</u>	<u>(20,545,629)</u>
Cash at banks at the beginning of the year/period	<u>6,281,810</u>	<u>26,827,439</u>
Cash at banks at the end of the year/period	<u><u>18,382,996</u></u>	<u><u>6,281,810</u></u>
<u>Significant non-cash transactions:</u>		
<u>Non-cash transactions from investing activities:</u>		
Borrowing cost capitalized on property and equipment	-	890,719
Transfer from projects under progress to intangible assets	210,000	-
<u>Non-cash transactions from financing activities:</u>		
Increase of share capital through retained earnings	45,000,000	30,000,000

The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.


Chief Executive Officer


Finance Manager


Chairman

ACADEMY OF LEARNING COMPANY
(A Saudi Joint Stock Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026**
(All amounts in Saudi Riyals “ﷲ”)

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 Dhul Qi’dah 15, 1425 H (corresponding to December 27, 2004 G) and its head office is located in Dammam. The main activity is the wholesale of computers and its accessories, including (selling of printers and its inks), integrated administrative support services for offices, higher education and training institutes, and e-learning..

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	Branch CR no	Date of CR	City
Canadian Language Center	7014044437	2050055639	23/06/1428	Dammam
Higher Academy of Learning institute for training	7012503897	2051040924	09/10/1430	Al-Khobar
Higher Academy of Learning institute for training	7014272434	2055013985	23/09/1432	Al-Jubail
Higher Academy of Learning institute for training	7012148073	2050097822	03/04/1435	Dammam
Canadian Languages Center	7006566066	2050097826	03/04/1435	Dammam
Higher Academy of Learning institute for training	7006463629	2252058424	13/09/1435	Al-Mobarraz
Higher Academy of Learning institute for training	7014013556	2053032147	18/02/1436	Al Qatif
Higher Academy of Learning institute for training	7016704517	1010623225	25/05/1441	Riyadh

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 the market’s approval and is conditional on fulfilling all requirements imposed by the market.

The Extraordinary General Assembly, at its meeting held on 25 June 2024, approved changing the Company’s financial year-end to 30 June instead of 31 December. Accordingly, during the previous year, the Company prepared consolidated financial statements for an 18-month period from January 01, 2024 to June 30, 2025.

2. THE ORGANIZATIONAL STRUCTURE OF THE GROUP

The consolidated financial statements as at June 30, 2026, include the financial statements of the company and its subsidiaries mentioned below (together referred to as “the Group”):

Name of consolidated subsidiary	Main activity	Effective percentage of ownership
Academy of Learning for Investment Co (a)	Real estate investment	100%
Inspired Learning Private School Company (Previously: National Learning School Company (b))	Education	100%

(a) On 24 Jumada Al-Awwal 1444H, corresponding to December 18, 2022, the Company established Academy of Learning Investment Company, a single-member limited liability company, under Commercial Registration No. 2050165590 and Unified No. 7032289568, with its registered office in Dammam. The Company has a share capital of SAR 100,000 and is 100% owned by Academy of Learning Company. The subsidiary’s activities comprise the purchase and sale of real estate, management and leasing of real estate, real estate development, real estate brokerage, and real estate marketing. In accordance with the Articles of Association, the subsidiary’s financial year runs from 01 July to 30 June of each year. The Company had not paid the share capital recorded in the Commercial Registration as at the date of the financial statements. In addition, the subsidiary had not carried out any commercial activities up to the date of the financial statements.

ACADEMY OF LEARNING COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

(All amounts in Saudi Riyals “ﷲ”)

2. THE ORGANIZATIONAL STRUCTURE OF THE GROUP (CONTINUED)

(b) On 4 Safar 1446H, corresponding to 8 August 2024, the Company established Inspired Learning Private School Company (Previously: National Learning School Company), a single-member limited liability company, under Commercial Registration No. 2050193548 and Unified No. 7041285607, with its registered office in Dammam. The Company has a share capital of SAR 10 million and is 100% owned by Academy of Learning Company. The company's activities comprise education at various levels, as well as sports club, entertainment and recreational activities. In accordance with the Articles of Association, the company's financial year runs from 1 July to 30 June of each year.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with IFRS accounting standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

The consolidated financial statements have been prepared on a historical cost basis, except where International Financial Reporting Standards permit measurement using other valuation methods, as indicated in the note on material accounting policies.

3.2 Preparation of the consolidated financial statements

The preparation of the 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 reported in the consolidated financial statements. These significant accounting estimates and assumptions regarding 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 subsidiaries (the Group), as set out in Note (2).

Control is achieved when the group has:

- The ability to control the investee.
- The right to variable returns resulting from its involvement with the investee.
- The ability to use its control to influence investment returns.

The Group reassesses whether or not it controls any of the investees if facts and circumstances indicate changes to one or more of the elements of control referred to above.

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

- The size of the voting rights held by the Group relative to the size and dispersion of the holdings of other voting rights holders.
- Potential voting rights held by the Group, other voting rights holders, or other parties.
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances indicating whether the Group has, or does not have, the current ability to direct the relevant activities at the time decisions need to be made, including how votes were casted at previous shareholders' meetings.

The consolidation of a subsidiary begins when the Group obtains control over that subsidiary and ceases when the Group loses control over it. Specifically, the revenue and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group obtains control until the date the Group's control over the subsidiary ceases.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026**
(All amounts in Saudi Riyals “ﷲ”)

3. BASIS OF PREPARATION (CONTINUED)

3.3 Basis of consolidation (Continued)

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

Where necessary, adjustments are made to the subsidiary's financial statements to align its accounting policies with those used by the Group.

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

Changes in the Group’s equity in existing subsidiaries

Changes in the Group’s equity in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group’s equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Group.

When the Group loses control of a subsidiary, any gain or loss is recognized in the consolidated statement of profit or loss and is calculated as the difference between: (1) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (2) the previously recognized carrying amount of the subsidiary’s assets (including goodwill), liabilities, and any non-controlling interests. All amounts previously recognized in other comprehensive income relating to that subsidiary are accounted for as if the Group had directly disposed of the subsidiary’s assets or liabilities (i.e., reclassified to profit or loss or transferred to another category of equity, as specified or permitted by IFRS). The fair value of the retained interest in the former subsidiary at the date control is lost is regarded as the fair value of the retained investment upon initial recognition in subsequent periods in accordance with IFRS 9; if the entity becomes an associate or a joint venture, this fair value is treated as the cost for the initial recognition of the investment in the associate or joint venture.

4. STANDARDS, INTERPRETATIONS, AND AMENDMENTS TO EXISTING STANDARDS

4.1 Standards, interpretations, and amendments effective as of July 01, 2025

There are several other amendments to the standards listed below that are effective during the period but have no material impact on the Group’s consolidated financial statements.

Amendments to standard	Description	Effective for annual years beginning on or after
IAS 21	Amendments: Inability to exchange foreign currencies.	January 1, 2025

4.2 New standards, amendments, and revised International Financial Reporting Standards that have been issued but are not yet effective.

The Group has not early adopted the new and amended IFRS Accounting Standards and amendments that have been issued but are not yet effective. The Group will apply these standards when they become effective.

Amendments to standard	Description	Effective for annual years beginning on or after
IFRS 9, 7	Amendments to the classification and measurement of financial instruments	January 1, 2026
IFRS 18 *	Presentation and disclosure in the financial statements	January 1, 2027
IFRS 19	Subsidiaries not subject to public accountability: Disclosure	January 1, 2027

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4. STANDARDS, INTERPRETATIONS, AND AMENDMENTS TO EXISTING STANDARDS (CONTINUED)

4.2 New standards, amendments, and revised International Financial Reporting Standards that have been issued but are not yet effective (continued).

* IFRS 18, “Presentation and Disclosure in Financial Statements,” will replace IAS 1, “Presentation of Financial Statements,” and is applicable for annual reporting periods beginning on or after 1 January 2027. The Group has not early adopted the new accounting standard in preparing these consolidated financial statements; however, early adoption is permitted.

The Group is also currently assessing the expected impact of the initial application of IFRS 18 on its consolidated financial statements.

A) Structure of the statement of profit and loss

IFRS 18 requires entities to classify all income and expenses into categories within the statement of profit or loss, namely: operating, investing, financing, income taxes, and discontinued operations. The classification of income and expenses is based on the entity’s main business activities. The Group has determined that it does not have a specified main business activity of investing in assets and/or providing financing to customers.

The Group’s net profit or net assets will not change as a result of applying IFRS 18. However, the Group will be required to present two new subtotals, including “profit or loss before financing and income taxes.” However, the operating profit subtotal differs from the current operating profit subtotal presented by the Group. Based on the information currently available, the Group expects changes to the current structure of the statement of profit or loss as a result of the following:

Interest income arising from the investment of surplus cash and interest expense are currently included within other income and finance costs, respectively, in accordance with the Group’s current accounting policy and are presented within those line items. Under IFRS 18, income and expenses relating to cash and cash equivalents are classified based on the nature of the entity’s main business activity. As the Group’s main business activity is not investing in financial assets or providing financing to customers, interest income arising from the investment of surplus cash is expected to be classified within the investing category, while interest expense will be classified within the financing category.

B) Performance measures defined by management

Management-defined performance measures are sub-totals of income and expenses used in public communications outside the financial statements and reflect management’s view of an aspect of the entity’s financial performance as a whole. The Group will be required to disclose specific information about management-defined performance measures in a single note to the financial statements.

The Group is currently identifying the public communications that should be considered when determining its management-defined performance measures. These measures relate to the same reporting period covered by the financial statements. Accordingly, the management-defined performance measures that the Group will disclose following the application of IFRS 18 will be determined based on the Group’s public communications relating to the interim reporting period of 2027.

C) Principles of aggregation and disaggregation

IFRS 18 provides enhanced principles on how information is aggregated in the financial statements (i.e., the primary financial statements and the notes). It also provides guidance on the labelling and description of items presented in the primary financial statements or disclosed in the notes.

The Group is currently assessing the aggregation of items based on their similar and dissimilar characteristics. Based on this assessment, the Group will present items in the primary consolidated financial statements that provide structured and useful summaries, and will disclose additional material information in the notes.

The Group is also assessing items currently classified under the heading “Other” and will use more descriptive labels.

D) Consequential amendments

IFRS 18 introduces consequential amendments to IAS 7, which require entities to use the new operating profit subtotal as the starting point for preparing the consolidated statement of cash flows when presenting cash flows from operating activities using the indirect method. The Group currently uses profit for the year as the starting point for reconciling to cash flows generated from operating activities. As a result of the new starting point, certain reconciling items included in this reconciliation will change.

The consequential amendments also provide specific guidance on the classification of cash flows relating to interest and dividends. In accordance with this guidance, the Group will classify cash flows arising from interest paid within financing activities instead of operating activities. Cash flows arising from interest received and dividends received and dividends paid will continue to be classified within investing and financing activities, respectively.

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5. MATERIAL ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Group in preparing the consolidated financial statements:

a) Classification of items into current and non-current

The Group classifies assets and liabilities in the consolidated statement of financial position as current and non-current.

An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in the ordinary course of business;
- Held primarily for trading purposes;
- When it is expected to be realized within twelve months after the reported financial year, or
- It consists of cash or cash equivalents, unless there are restrictions on its exchange or use to settle an obligation for a period of at least twelve months following the reported financial year.

All other assets are classified as non-current assets.

Liability is classified as current when it is:

- Expected to be settled in the ordinary course of business;
- Held primarily for trading purposes;
- It was due for settlement within twelve months following the reported financial year.
- At the end of the reporting period, the entity did not have the right to defer 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 impairment losses, if any.

Historical cost includes expenditures directly attributable to the acquisition of an asset. 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 can be measured reliably.

Property and equipment are depreciated on a straight-line basis over their estimated useful lives. Useful lives, residual values, and depreciation methods are reviewed at the end of each financial period and adjusted prospectively, where necessary, in accordance with changes in accounting estimates.

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

Description	Percentage
Leasehold improvements on premises	10%-33%
Electrical devices	15%-25%
Furniture and decorations	15%
Vehicles	25%
Tools	15%

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset—representing the difference between the net disposal proceeds and the carrying amount of the asset—is recognized in profit or loss.

c) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of an asset—which necessarily takes a substantial period of time to get ready for its intended use or sale—are recognized as part of the cost of that asset. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs are interest and other costs incurred by an entity 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, with the exception of capital works in progress, which are stated at cost, if any. Amortization is calculated using the straight-line method over a useful life of 4 to 10 years, commencing in the month the asset becomes available for use. Residual values and useful lives are reviewed and adjusted, if applicable, at each reporting date.

Subsequent costs are included in the carrying amount of the asset 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 resulting from sales transactions, if any, are recorded in the profit and loss account for the year in which they arise.

e) Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. The Group recognizes a right-of-use asset and a corresponding lease liability for all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a 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 is more representative of the time pattern in which economic benefits from the leased asset are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

- Fixed lease payments, less lease incentives.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date.
- Amounts expected to be paid by the lessee under residual value guarantees.
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options.
- Payments of penalties for terminating the lease, if the lease reflects the exercise of a lease termination option.

The lease liability is presented separately in the consolidated 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 reducing the carrying amount to reflect lease payments.

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

- The terms of the lease contract change, or there is a change in the assessment of the exercise of a purchase option; in this case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- Lease payments change due to changes in an index or rate, or a change in the amount expected to be payable under a residual value guarantee; in this 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 contract is modified and the modification is not accounted for as a separate lease; in this case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

e) Leases (continued)

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

The right-of-use asset is depreciated over the lease term or the useful life of the underlying asset, whichever is shorter. If the lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the asset. Depreciation commences on the lease commencement date.

The right-of-use asset is presented as a separate line item in the consolidated statement of financial position.

The Group applies International Accounting Standard (IAS) 36, "Impairment of Assets," to determine whether there is any impairment in the value of right-of-use assets.

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 impairment loss (if any). Where 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 reasonable and consistent allocation bases can be identified, common assets are also allocated to cash-generating units, or to the smallest group of cash-generating units for which such bases can be determined. 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, they are 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 of disposal and its value in use. When assessing value in use, 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 estimates of future cash flows have 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 is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased to its revised recoverable amount, provided that the adjusted carrying amount does not exceed the value the asset (or cash-generating unit) would have had if no impairment loss had been recognized in prior years. The reversal of an impairment loss is recognized directly in profit or loss; however, an impairment loss recognized in past periods is not reversed in a subsequent period.

g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and bank deposits—all available for use by the Group unless otherwise stated with maturities of three months or less and subject to insignificant risk of changes in value.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance 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, upon 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 as incurred.

Financial assets

All purchases and sales of financial assets made in the regular way are recognized and derecognized on a trade-date basis. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the timeframe established by regulation or market convention. All recognized financial assets are subsequently measured at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

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

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

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 achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group does not hold 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.

Notwithstanding the foregoing, the Group may make the following irrevocable choices/designations upon initial recognition of a financial asset:

- The Group may irrevocably choose 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 the relevant International Financial Reporting Standards; and
- The Group may irrevocably designate a debt investment which would otherwise be measured at fair value through profit or loss as measured at amortized cost or at fair value through other comprehensive income, if doing so eliminates or materially reduces an accounting mismatch.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

h) Financial instruments (continued)

Amortized cost and the effective interest method

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

For financial assets other than purchased or originated credit-impaired financial assets (such as assets that were credit-impaired upon initial recognition), the effective interest rate is the rate that 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—over the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument at initial recognition.

For purchased or originated credit-impaired financial assets, the credit-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 minus principal repayments, plus or minus the cumulative amortization using the effective interest method—of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of the financial asset before adjusting for any loss allowance.

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

For financial assets that subsequently become credit-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 of the credit-impaired financial asset improves such that the asset is no longer credit-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 exchange of foreign currency

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

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on trade receivables and contract assets. The expected credit loss amounts are 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 based on the Group’s historical credit loss experience, adjusted for debtor-specific factors, general economic conditions, and an assessment of both current trends and forecasts of conditions at the reporting date, including the time value of money where appropriate.

The concept of payment default

The Group considers an event to constitute a default for the purposes of internal credit risk management based on historical experience and management’s professional judgment when financial assets meet any of the following criteria and are considered doubtful of 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 debts in full, including amounts owed to the Group (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that a default may occur when a financial asset or debtor is overdue by more than the average permitted credit limit.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

h) Financial instruments (continued)

Credit impaired financial assets

A financial asset is considered credit-impaired when one or more events occur 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 regarding the following events:

- Significant financial difficulty of the issuer or borrower;
- Breach of contract, such as a default or failure to meet a maturity date;
- The granting of a concession (or concessions) by the lender(s) to the borrower for economic or contractual reasons related to the borrower’s financial difficulty—that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or undergo some other financial restructuring; or
- The disappearance of an active market for the 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 facing severe financial difficulties and there is no realistic prospect of recovery for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Written-off financial assets may still be subject to enforcement activities under the Group’s recovery procedures, subject to legal advice where appropriate. Any recovered amounts are recognized in profit or loss.

Measurement and recognition of expected credit losses

The Group recognizes a provision for expected credit losses on financial assets measured at amortized cost and contract assets, in accordance with the requirements of IFRS 9 "Financial Instruments".

The Group measures expected credit losses in a manner that reflects the probability-weighted present value of credit losses, taking into account the probability of default, the loss given default, the exposure at default, and the time value of money, as well as reasonable and supportable information available without undue cost or effort, including historical, current, and relevant forward-looking information.

For customers, contract assets, and other receivable balances arising from amounts paid by the Group on behalf of customers which the Group expects to recover from them the Group applies the simplified approach for measuring expected credit losses, under which lifetime expected credit losses are recognized from the initial recognition of these assets.

The Group estimates expected credit losses on customers, contract assets, and other receivables using a provision matrix; loss rates are based on the Group’s historical credit loss experience and are adjusted, where necessary, to reflect current economic conditions and reasonable, supportable forward-looking information.

The measurement of expected credit losses relies on estimating the probability of default, loss given default, and exposure at default, while taking into account the time value of money and relevant historical, current, and forward-looking information.

For trade receivables, contract assets, and other receivables, exposure at default is determined based on the gross carrying amount of the financial asset at the reporting date, taking into account expected cash flows and any collateral or other credit enhancements, if there is any.

For financial assets, expected credit losses are measured as the present value of the difference between all contractual cash flows due to the Group in accordance with the contract and all cash flows that the Group expects to receive, discounted using the original effective interest rate of the financial asset.

Regarding cash and bank balances, the Group assesses the credit risk associated with these balances at each financial reporting date and recognizes a provision for expected credit losses when required under IFRS 9. Given the nature of these balances and the financial institutions with which they are held, the Group assesses the associated expected credit losses which are considered immaterial at the reporting date unless circumstances or available information indicate otherwise.

The Group recognizes impairment losses or reversals in profit or loss, with a corresponding effect on the expected credit loss allowance.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

h) Financial instruments (continued)

Derecognition of 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 of the asset 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 the transferred financial asset, the Group continues to recognize the financial asset and also recognizes a secured borrowing for the consideration received.

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

Financial liabilities and equity

Debt and equity instruments are classified either as financial liabilities or as equity, based on the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the consideration received, net of direct issuance 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 (1) contingent consideration of an acquirer in a business combination, (2) held for trading, or (3) 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 for calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that 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) over the expected life of the financial liability or, where appropriate, over a shorter period to the amortized cost of the financial liability.

Profits and losses of translation of the foreign currency

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

Derecognition of 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 derecognized financial liability and the consideration paid and payable is recognized in profit or loss.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

i) Dividends

A liability is recognized for cash or non-cash distributions to equity holders when the distribution is approved by the General Assembly of the shareholders for the annual distribution. Distributions are approved following approval by the General Assembly.

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

j) Employees defined 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 the defined benefit obligation—comprising actuarial gains and losses—are recognized directly in other comprehensive income in the periods in which they occur. Remeasurements recognized in other comprehensive income are immediately transferred to retained earnings and are not reclassified to profit or loss in subsequent periods. Changes in the present value of the benefit obligation resulting from plan amendments or curtailments are recognized directly in profit or loss as past service costs.

Interest is calculated by applying the discount rate at the beginning of the period to the defined employee benefit obligations. Defined benefit costs are classified as follows:

- Service cost (including current service costs and past service costs, as well as gains and losses arising from curtailments and settlements);
- Interest cost;
- 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 of the amount of the obligation can be made.

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 estimated cash flows required to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). When provisions are discounted, 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 possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation arising from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

l) Zakat

The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia. The Group accounts for Zakat on an accrual basis. Zakat is calculated based on the Zakat base or adjusted net profit, whichever is higher; any differences in estimates are recorded upon final assessment, at which point the provision is settled. Zakat charges are recognized in the consolidated statement of comprehensive income, and Zakat is calculated using the rates applicable at the end of the reporting period.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

m) Revenue recognition

Revenue is measured at the amount that the Group expects to be entitled to in exchange for services provided to customers in accordance with the contractual terms. Revenue is recognized when the performance obligation is satisfied by transferring control of the service to the customer.

Rendering of services

The Group provides two main types of educational services, namely academic diploma programs and short educational courses.

Academic diploma programs are long-term diploma programs, while educational courses are short-term courses. The Group recognizes revenue from these services over time, as the customer simultaneously receives and consumes the benefits of the educational services as the Group provides those services.

The Group uses an output method to measure the progress towards satisfaction of the performance obligation. Revenue attributable to each accounting period is determined by allocating the contract price over the period during which the educational service is provided, such that revenue is recognized in the accounting periods during which the services are provided.

Accordingly, the consideration relating to an academic diploma program is allocated over the duration of the program, while the consideration relating to short educational courses is allocated over the duration of the course. Revenue is recognized on a systematic basis over the period during which the educational service is provided, reflecting the transfer of services and benefits to the customer.

Amounts received from customers relating to educational services that have not yet been provided are presented as contract liabilities (customer advances) until the related services are provided. Amounts relating to services that have been provided but have not been invoiced at the end of the reporting period are recognized as contract assets, where applicable.

Revenue arising from the sale of goods or rendering of other services for which the related performance obligations are not satisfied over time is recognized at a point in time when the performance obligation is satisfied and control of the goods or services is transferred to the customer. The point of revenue recognition is determined based on the nature of the transaction and the terms of the contract and is generally when the goods are delivered to the customer or when the service is provided and the related contractual obligations are satisfied, such that the customer is able to obtain and control the benefits arising from them.

n) Cost of revenue

The cost of revenue includes all direct costs, including direct labor, direct materials, and operating-related expenses.

o) Expenses

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

p) Fair value

The Group measures the fair value of investments and financial derivatives that are classified as fair value through profit or loss, and any other assets or liabilities that are required by the relevant financial reporting standard to be measured or disclosed at fair value, in accordance with the requirements of IFRS 13, “Fair Value Measurement”.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. It is assumed that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market to which the Group has access.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

p) Fair value (continued)

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

Fair value measurements are classified within the following levels of the fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

For investments at fair value through profit or loss, they are measured at fair value at each reporting date, and changes in fair value are recognized in profit or loss in the period in which they arise.

For financial derivatives, they are initially recognized at fair value at the date the contract is entered into and are subsequently remeasured at fair value at each reporting date. Changes in fair value are recognized in profit or loss, unless the derivatives are part of a qualifying hedging relationship that qualifies for hedge accounting in accordance with the requirements of IFRS 9.

The Group discloses fair value measurements in accordance with the requirements of IFRS 13, including the level of the fair value hierarchy within which the measurements fall, and any additional information and disclosures required for measurements classified within Level 3.

q) Derivative financial instruments

The Group enters into derivative financial instruments, including interest rate cap contracts, to manage its exposure to changes in interest rates.

Derivative financial instruments are initially recognized at fair value on the date on which the Group becomes a party to the contractual provisions of the derivative instrument and are subsequently remeasured at fair value at each reporting date.

The Group has not applied hedge accounting to interest rate cap contracts. Accordingly, these derivatives are classified and measured at fair value through profit or loss in accordance with the requirements of IFRS 9, “Financial Instruments”.

Changes in the fair value of derivative financial instruments are recognized directly in profit or loss in the period in which they arise. Derivatives are presented as financial assets when their fair value is positive and as financial liabilities when their fair value is negative, in accordance with the relevant presentation and measurement requirements.

The premium paid upfront upon entering into an interest rate cap contract represents part of the consideration paid to acquire the derivative instrument and is taken into account in determining the fair value and initial recognition of the derivative. The upfront premium is not recognized as a separate asset to be amortized over the term of the contract, as the derivative is fully remeasured at fair value at each reporting date, and any resulting gains or losses from the remeasurement are recognized directly in profit or loss.

A derivative financial instrument is derecognized when the contractual rights to the cash flows arising from the instrument expire, or when the instrument is settled or terminated in accordance with its contractual terms.

r) Treasury shares

Repurchased own equity instruments (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of profit or loss and other comprehensive income on the purchase, sale, issue or cancellation of the Group’s own equity instruments. Any difference between the carrying amount and the consideration, in the event of reissuance, is recognized in share premium.

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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 could result in outcomes that may require material adjustments to the carrying amounts of the assets or liabilities 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 in making judgments about 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 revision and future periods if the revised estimates affect both the current and future periods.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty as at the date of the consolidated statement of financial position that pose a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities during the following financial year. The Group bases its assumptions and estimates on parameters available to it when preparing the consolidated financial statements. However, these assumptions and estimates regarding future developments may change as a result of changes in market conditions and circumstances beyond the Group’s control, and 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 the purpose of calculating depreciation. These estimates are based on the expected use of the assets over their useful lives. Residual values are determined based on experience and observable data, where available.

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

b. Lease liabilities

The lease liabilities are determined based on the present value of the lease payments using an appropriate discount rate, which represents the incremental borrowing rate.

c. Zakat estimate

Zakat expense on the Group’s ordinary activities represents the total zakat. The calculation of zakat imposed on the Group necessarily involves a degree of estimation and judgment with respect to certain items, which cannot be determined conclusively until a settlement is reached with the relevant authority and in accordance with the related legal decisions.

d. Impairment of trade receivables

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. Expected credit losses on trade receivables are estimated using a provision matrix, with reference to the past experience of debtor defaults, an analysis of the debtor’s current financial position, adjustments for debtor-specific factors, the general economic conditions and the nature of the business in which the debtor operates, and an assessment of current and future trends in 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.

e. Revenue recognition

Determining the amount of contract revenue to be recognized requires significant use of estimates regarding revenue, costs, and profits, as well as the allocation of amounts to accounting periods. Original estimates may require adjustment during the contract term, and these estimates are reviewed on a regular, periodic basis. The Group continuously evaluates the assumptions, risks, and uncertainties associated with the application of this accounting method.

f. Actuarial valuation of defined employee benefit obligations

The cost of defined employee benefit obligations is determined in accordance with the Saudi Labor Law and is then measured using an actuarial valuation. The actuarial valuation involves several 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 rates. 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. Accordingly, all assumptions are reviewed at least annually, or more frequently when necessary.

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7. PROPERTY, PLANT AND EQUIPMENT

2026	Leasehold improvements on premises	Electrical devices	Furniture and decorations	Vehicles	Tools	Projects in progress	Total
<u>Cost</u>							
Balance at July 01, 2025	51,713,878	28,662,718	17,506,144	1,388,307	7,215,710	1,019,812	107,506,569
Additions during the year	3,827,231	1,069,019	1,197,085	-	146,473	9,204,637	15,444,445
Transfer from projects in progress	-	-	-	-	-	(210,000)	(210,000)
Balance at June 30, 2026	55,541,109	29,731,737	18,703,229	1,388,307	7,362,183	10,014,449	122,741,014
<u>Accumulated Depreciation</u>							
Balance at July 01, 2025	7,883,407	13,179,184	5,451,046	776,299	2,015,150	-	29,305,086
Depreciation charge during the year	5,533,944	4,272,319	2,389,586	253,992	968,890	-	13,418,731
Balance at June 30, 2026	13,417,351	17,451,503	7,840,632	1,030,291	2,984,040	-	42,723,817
<u>Net book value</u>							
At June 30, 2026	42,123,758	12,280,234	10,862,597	358,016	4,378,143	10,014,449	80,017,197

- Annual depreciation is allocated as follows:

	June 30, 2026	For the period from January 01, 2024, to June 30,2025
Charged to:		
Cost of revenue	12,386,871	13,315,037
General and administrative expenses	1,031,860	1,691,133
	13,418,731	15,006,170

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7. PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

<u>2025</u>	<u>Leasehold improvements on premises</u>	<u>Electrical devices</u>	<u>Furniture and decorations</u>	<u>Vehicles</u>	<u>Tools</u>	<u>Projects in progress</u>	<u>Total</u>
<u>Cost</u>							
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 in 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
<u>Accumulated depreciation</u>							
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
<u>Net book value</u>							
At June 30, 2025	43,830,471	15,483,534	12,055,098	612,008	5,200,560	1,019,812	78,201,483

- Additions include an amount of ﷲ 891,000 representing borrowing costs capitalized during the period.

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8. INTANGIBLE ASSETS

	June 30, 2026	June 30, 2025
Cost:		
Balance at beginning of the year/period	3,995,253	1,372,185
Additions during the year / period	-	1,279,793
Transfer from projects in progress during the year/period	210,000	1,343,275
Balance at the end of the year/period	4,205,253	3,995,253
Accumulated depreciation		
Balance at beginning of the year/period	1,325,925	505,784
Depreciation charge during the year / period	633,628	820,141
Balance at the end of the year/period	1,959,553	1,325,925
Net book value at the end of the year/period	2,245,700	2,669,328

9. RIGHT-OF-USE ASSETS

	Leased premises
<u>June 30, 2026</u>	
<u>Cost</u>	
Cost at July 01, 2025	94,036,599
Additions during the year	189,500,838
Disposals	(3,085,099)
Balance at June 30, 2026	280,452,338
<u>Accumulated Depreciation</u>	
Accumulated depreciation at July 01, 2025	19,411,871
Depreciation charge during the year	11,459,335
Disposals	(3,085,099)
Balance at June 30, 2026	27,786,107
Net book value at June 30, 2026	252,666,231
<u>June 30, 2025</u>	
<u>Cost</u>	
Cost at January 01, 2024	49,661,082
Additions during the period	45,868,905
Adjustments	(1,493,388)
Balance at June 30, 2025	94,036,599
<u>Accumulated Depreciation</u>	
Accumulated depreciation at January 01, 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

- Depreciation charged during the year was recorded as part of the cost of revenue.

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10. PREPAID EXPENSES AND OTHER RECEIVABLE BALANCES

	June 30, 2026	June 30, 2025
Value added tax	1,780,056	-
Advances to suppliers	4,243,885	340,060
Prepaid expenses	2,671,155	1,638,217
Custodies and employees’ receivables	306,000	413,165
Letters of guarantees	300,000	455,450
Contract assets	4,035,803	-
Other *	16,442,425	1,686,750
	29,779,324	4,533,642

* Other debit balances include an amount of ﷲ14.4 million, representing amounts paid by the Group on behalf of certain customers for students, in accordance with the signed agreement, which are to be subsequently recovered from the customers. The Group has recognized an expected credit loss allowance of ﷲ 413 thousand against these balances.

11. INVENTORY

It consists of a stock of devices and educational materials distributed to new students at the beginning of the study:

	June 30, 2026	June 30, 2025
Inventory	4,059,180	4,266,188
	4,059,180	4,266,188

12. STUDENTS’ RECEIVABLES

	June 30, 2026	June 30, 2025
Students’ receivables	202,587,143	130,124,467
Provision for expected credit losses	(18,811,308)	(11,686,639)
	183,775,835	118,437,828

Movement in the provision for excepted credit losses

	June 30, 2026	June 30, 2025
Balance at beginning of the year / period	11,686,639	3,553,798
Provision during the year / period	9,193,496	8,132,841
Write-off during the year / period	(2,068,827)	-
Balance at the end of the year / period	18,811,308	11,686,639

13. FINANCIAL DERIVATIVES AT FAIRVALUE THROUGH PROFIT OR LOSS

During the year, the Group entered into an interest rate cap contract with a bank to mitigate the impact of increases in interest rates on certain financing facilities with variable interest rates.

The fair value of the interest rate cap contract as at the reporting date amounted to ﷲ 2.5 million, and a net loss of ﷲ 2.8 million resulting from changes in the fair value of the contract was recognized in profit or loss during the year.

The following are the details of the interest rate cap contract as at the reporting date:

	First Contract	Second contract	Total
Maximum SIBOR rate	3,5%	4%	
Fair value at the date of initial recognition	1,152,000	4,200,000	5,352,000
Change in fair value during the year	(752,257)	(2,087,875)	(2,840,132)
Fair value- Derivative asset	399,743	2,112,125	2,511,868

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14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments at fair value through profit or loss consist of the following:

	June 30, 2026	June 30, 2025
Investment in mutual fund	2,715,391	-
Investment in Discretionary Portfolio Management *	3,249,077	20,516,135
	5,964,468	20,516,135

* During the prior year, the Group’s management invested in discretionary portfolio management (an “Investment Portfolio”) managed by an investment manager, and the Group’s management elected to measure and classify its investments as investments at fair value through profit or loss. The value of these investments as at June 30, 2026 amounted to ﷲ 5,964,468, including cash of ﷲ 188,654 held within the Investment Portfolio.

	June 30, 2026	June 30, 2025
Opening balance	20,516,135	-
Paid during the year / period	-	25,000,000
Received during the year / period	(12,043,046)	(5,280,690)
(Losses) / gain from investments at fair value through profit or loss	(2,508,621)	796,825
Closing balance	5,964,468	20,516,135

15. CASH AT BANKS

	June 30, 2026	June 30, 2025
Cash at banks	18,382,996	6,281,810
	18,382,996	6,281,810

16. SHARE CAPITAL

The Company’s share capital amounted to ﷲ 135,000,000, divided into 135,000,000 shares with a nominal value of ﷲ 1 per share (June 30, 2025: ﷲ 90,000,000, divided into 90,000,000 shares with a nominal value of ﷲ 1 per share), and the share capital is distributed among the shareholders in varying proportions.

The Extraordinary General Assembly, at its meeting held on January 01, 2026, approved the Board of Directors’ recommendation to increase the Company’s share capital through the distribution of bonus shares to the shareholders by capitalizing ﷲ 45 million of retained earnings, bringing the total share capital to ﷲ 135 million instead of ﷲ 90 million. The number of the Company’s shares was 90 million shares before the increase and became 135 million shares after the increase.

17. TREASURY SHARES

Treasury shares held by the Group represent 0.20% of the share capital. Their market value amounted to ﷲ 1.9 million as of June 30, 2026 (2025: nil). These shares were initially acquired from shares offered to the public for the employee share program. The employee share program had not been finalized as of the date of the consolidated financial statements.

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18. EMPLOYEES’ DEFINED BENEFITS OBLIGATIONS

18.A Movement of employees’ defined benefits obligations

	June 30, 2026	June 30, 2025
Balance at the beginning of the year/period	8,298,652	4,275,293
Current service cost	2,630,910	2,772,060
Interest cost	403,995	302,631
Paid during the year / period	(785,352)	(281,959)
Actuarial losses	781,621	1,230,627
Balance at the end of the year/period	11,329,826	8,298,652

18.B Charge to profit or loss

	June 30, 2026	June 30, 2025
Current service cost	2,630,910	2,772,060
Interest cost	403,995	302,631
	3,034,905	3,074,691

18.C Charge to other comprehensive income

	June 30, 2026	June 30, 2025
Actuarial losses from remeasurement	781,621	1,230,627
	781,621	1,230,627

18.D Main actuarial borrowings as follows:

	June 30, 2026	June 30, 2025
Discount rate	5,27%	5,11%
Salary increase rate	5,27%	5,11%

The sensitivity of defined benefit obligations to changes in key weighted assumptions—based on the projected obligation balance for the year ending June 30, 2026—is as follows:

	June 30, 2026	June 30, 2025
Discount rate +1%	10,633,030	7,791,658
Discount rate -1%	12,086,639	8,871,896
Salary increase rate +1%	12,132,885	8,906,138
Salary increase rate -1%	10,578,970	7,751,635

19. ACCRUED EXPENSES AND OTHER PAYABLE BALANCES

	June 30, 2026	June 30, 2025
Revenue received in advance	2,496,959	1,227,393
Accrued vacations	3,079,891	1,918,697
Accrued expenses	1,370,481	1,146,294
Accrued bonuses and commissions	2,308,300	973,000
Accrued Board and Committee Members’ Remuneration	2,921,000	534,000
Value added tax	4,624,608	1,559,331
Contract liabilities	-	4,291,305
Other payable balances	100,000	212,000
	16,901,239	11,862,020

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20. LEASE LIABILITIES

	June 30, 2026	June 30, 2025
Balance at the beginning of the year/period	78,071,783	39,159,813
Additions during the year/period	188,087,766	45,868,905
Interests during the year/period	10,703,218	8,063,409
Paid during the year/period	(26,429,866)	(15,992,531)
Adjustments during the year/period	-	972,187
Balance at the end of the year	250,432,901	78,071,783
	June 30, 2026	June 30, 2025
Non-current lease liabilities	243,759,924	71,782,688
Current lease liabilities	6,672,977	6,289,095
	250,432,901	78,071,783

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

	June 30, 2026	June 30, 2025
Less than one year	18,549,870	12,094,156
From one year to five years	110,672,504	56,934,341
More than five years	469,967,647	42,103,841
	599,190,021	111,132,338

Short-term lease expenses recognized in the statement of profit or loss during the year amounted to ﷲ 1,329,330; these represent lease expenses related to leases with a term of 12 months or less.

21. MURABAHA LOANS

The Group obtained the following Sharia-compliant credit facilities from three local banks, as follows:

Facility type	Local Bank	Note	June 30, 2026	June 30, 2025
Credit facilities	Local bank No.1	21-1	73,999,900	11,932,908
Credit facilities	Local bank No.2	21-2	26,207,742	15,101,262
Credit facilities	Local bank No.2	21-3	21,604,368	30,214,676
			121,812,010	57,248,846

The movement in loans during the year is as follows:

	June 30, 2026	June 30, 2025
Balance at beginning of the year/period	57,248,846	-
Proceeds from loans during the year/period	76,148,000	59,500,000
Finance interests during the year/period	5,691,722	3,736,599
Repayment of loans during the year/period	(17,276,558)	(5,987,753)
Balance at end of the year/period	121,812,010	57,248,846
	June 30, 2026	June 30, 2025
Current portion	19,007,965	11,882,633
Non-current portion	102,804,045	45,366,213
	121,812,010	57,248,846

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21. MURABAHA LOANS (CONTINUED)

21-1 Under the two agreements signed on July 01, 2024, and April 06, 2026, between the Group and Local Bank 1, with credit limits of ﷲ14.5 million and ﷲ 113.7 million, respectively, the total outstanding balance of the facilities as at June 30, 2026, amounted to ﷲ 74 million. These facilities are subject to a financing cost equal to SIBOR plus an agreed profit margin, and the financing costs charged during the year amounted to ﷲ 1.6 million. The Company also issued a promissory note in favor of the bank as security for the credit facilities granted, guaranteed by the Chairman of the Board of Directors, in addition to a joint and several guarantee undertaking for payment and performance signed by the Chairman of the Board of Directors.

21-2 Under the agreement signed on August 19, 2024 between the Group and Local Bank 2, with a credit limit of ﷲ 50 million, the outstanding balance of the facilities as at June 30, 2026, amounted to ﷲ 26 million. These facilities are subject to a financing cost equal to SIBOR plus an agreed profit margin, and the financing costs charged during the year amounted to ﷲ 2.2 million. The Company also issued a promissory note in favor of the bank as security for the credit facilities granted, in addition to a joint and several guarantee undertaking for payment and performance signed by the Chairman of the Board of Directors.

21-3 Under the agreement signed on September 01, 2024 between the Group and Local Bank 3, with a credit limit of ﷲ 30 million, the outstanding balance of the facilities as at June 30, 2026 amounted to ﷲ 21.6 million. These facilities are subject to a financing cost equal to SIBOR plus an agreed profit margin, and the financing costs charged during the year amounted to ﷲ 1.9 million. The Company also issued a promissory note in favor of the bank as security for the credit facilities granted, in addition to a joint and several guarantee undertaking for payment and performance signed by the Chairman of the Board of Directors.

22. PROVISION FOR ZAKAT

a) Movement of zakat provision

	June 30, 2026	June 30, 2025
Balance at the beginning of the year / period	4,436,095	1,704,882
Paid during the year /period	(4,433,224)	(1,709,882)
Provision during the year /period	4,346,706	4,441,095
Balance at the end of the year/ period	4,349,577	4,436,095

b) Status of Zakat assessment

The company filed Zakat returns for the parent company and its subsidiaries for the years up to 2025.

The Zakat, Tax and Customs Authority reviewed the company's zakat returns and finalized the assessment and payment for the years up to 2023. During the year, the Company received the final Zakat assessment for the financial year ended June 30, 2025, with no Zakat differences arising against the Company.

23. REVENUE, NET

	June 30, 2026	For the period from January 01, 2024, to June 30, 2025
Individuals' revenue	186,183,667	219,057,502
Corporates' revenue	49,327,911	8,855,938
	235,511,578	227,913,440

Revenues consist of income from educational services provided by the Group in accordance with the directives issued by the Technical and Vocational Training Corporation, as well as revenue from short courses; all revenues are generated within the Kingdom of Saudi Arabia.

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(A Saudi Joint Stock Company)

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(All amounts in Saudi Riyals “ﷲ”)

24. COST OF REVENUE

	June 30, 2026	For the period from January 01, 2024, to June 30, 2025
Salaries and wages and equivalent	42,080,645	50,274,855
Educational aids	21,738,989	17,854,662
Depreciation	12,676,731	14,135,178
Depreciation of right-of-use assets	11,459,335	12,800,816
Government fees and licenses	1,688,255	963,450
Vacations and air tickets	2,742,269	3,146,636
Employees’ defined benefits obligations	2,081,113	2,124,084
Electricity	1,236,009	1,374,925
Internet, telephone and post office	595,428	837,039
Maintenance and cleaning	2,297,533	3,076,844
Social insurance	3,964,082	4,929,431
Others	5,919,106	5,153,715
	108,479,495	116,671,635

25. GENERAL AND ADMINISTARTIVE EXPENSES

	June 30, 2026	For the period from January 01, 2024, to June 30, 2025
Salaries and wages and equivalent	18,301,872	16,961,898
Social insurance	1,101,110	895,458
Outsourced labor wages	558,100	376,309
Depreciation	1,375,628	1,691,133
Government fees and licenses	682,933	708,402
Entertainment, maintenance and cleaning	560,101	409,685
Professional fee	1,938,919	1,195,114
Remunerations and incentives	5,914,100	508,350
Board of directors and committees	2,927,000	534,000
Other	2,978,277	2,706,345
	36,338,040	25,986,694

26. MARKETING EXPENSES

	June 30, 2026	For the period from January 01, 2024, to June 30, 2025
Salaries and wages and equivalent	5,626,459	7,763,737
Advertising and marketing	10,101,070	17,777,099
Marketing commission	4,152,170	1,390,000
Other	800,803	1,060,534
	20,680,502	27,991,370

27. OTHER INCOME

	June 30, 2026	For the period from January 01, 2024, to June 30, 2025
Income from deposits of Islamic Murabaha	88,936	237,377
Other	6,372,950	6,641,582
	6,461,886	6,878,959

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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28. RELATED PARTIES TRANSACTIONS

Parties are considered related parties 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 comprise shareholders, members of the Board of Directors, and entities in which shareholders and members of the Board of Directors have significant influence, individually or collectively. The Group’s transactions with related parties are carried out in the ordinary course of business and are approved by management.

	Relationship/ nature of transaction	June 30, 2026	For the period from January 01, 2024, to June 30, 2025
Canadian General Medical Center Com- plex Company	Under common manage- ment / services	-	133,811

- Remuneration of Board members and key management personnel:

	June 30, 2026	For the period from January 01, 2024, to June 30, 2025		
	Board of Directors	Key manage- ment personnel	Board of Di- rectors	Key manage- ment personnel
Remuneration of board of directors	2,927,000	-	534,000	-
Salaries, wages, allowances, and bonuses	-	8,072,788	-	3,946,708
End of service benefits	-	241,124	-	289,554
	2,927,000	8,313,912	534,000	4,236,262

29. CONTINGENT LIABILITIES

As of June 30, 2026, the Group has no contingent liabilities (June 30, 2025: none).

30. DIVIDENDS

On September 20, 2025, the Board of Directors decided to recommend a cash dividend distribution to shareholders amounting to ﷲ 9,000,000 for the financial year ended June 30, 2025; the Extraordinary General Assembly approved the Board’s recommendation at its meeting held on January 1, 2026.

On February 8, 2026, the Board of Directors decided to distribute cash dividends to shareholders amounting to ﷲ13,500,000 for the first half of the financial year ending on June 30, 2026.

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

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31. FINANCIAL INSTRUMENTS

a) Financial assets

	June 30, 2026	June 30, 2025
Other receivable balances	21,084,228	2,555,365
Students’ receivables	183,775,835	118,437,828
Cash at banks	18,382,996	6,281,810
Investments at fair value through profit or loss	5,964,468	20,516,135
Financial derivatives at fair value through profit or loss	2,511,868	-
	<u>231,719,395</u>	<u>147,791,138</u>

b) Financial liabilities

	June 30, 2026	June 30, 2025
Trade payables	14,736,202	5,309,799
Other payable balances	1,470,481	1,358,294
Lease liabilities	250,432,901	78,071,783
Loans	121,812,010	57,248,846
	<u>388,451,594</u>	<u>141,988,722</u>

c) Measurement of fair value

The Group uses a fair value hierarchy categorized into Levels 1, 2, and 3 based on the degree of inputs used in the fair value measurement for all assets and liabilities, as set out below.

- Level 1: Prices quoted in an active market for identical assets or liabilities that the company can access at the measurement date.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3: Inputs for assets or liabilities that are not based on observable market data.

Investments in equity instruments listed on the Saudi stock market are valued based on the market closing price at the date of the consolidated financial statements, and these instruments are classified under Level 1.

Investments in unlisted investment funds in the Saudi market are valued based on the closing price provided by the fund manager as of the date of the consolidated financial statements, and these instruments are classified under Level 2.

Financial derivatives are measured at fair value based on a valuation provided by the bank as of the date of the consolidated financial statements, and these instruments are classified under Level 2.

As at June 30, 2026	Book value	Fair value		
		Level 1	Level 2	Level 3
Investments at fair value through profit or loss	5,964,468	3,249,077	2,715,391	-
Financial derivatives at fair value through profit or loss	2,511,868	-	2,511,868	-
	<u>8,476,336</u>	<u>3,249,077</u>	<u>5,227,259</u>	<u>-</u>
As at June 30, 2025	Book value	Fair value		
		Level 1	Level 2	Level 3
Investments at fair value through profit or loss	20,516,135	20,516,135	-	-
	<u>20,516,135</u>	<u>20,516,135</u>	<u>-</u>	<u>-</u>

The Group considers that the carrying amounts of financial assets and financial liabilities approximate their fair values.

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31. FINANCIAL INSTRUMENTS (CONTINUED)

d) Financial instruments risks

The Group’s financial assets comprise cash and cash equivalents, student receivables, other receivables arising directly from its operations, and deposits. The Group’s financial liabilities consist of trade payables, accrued expenses, and other payables, in addition to long-term loans. The primary purpose of these financial liabilities is to finance the Group’s operations.

The Group is exposed to market, credit, and liquidity risks. Senior management oversees the management of these risks. The Group’s financial risk activities are governed by 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 for managing 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 risk includes three types of risk: interest rate risk, currency risk, and other price risks, such as equity price risk and commodity price risk.

a. Foreign currency exchange rate risks

Foreign currency risk arises from changes and fluctuations in the value of financial instruments resulting from changes in foreign exchange rates. The Group believes that foreign currency risk is not material, as the Group has not entered into any transactions of material significance in currencies other than the Saudi Riyal ﷲ.

b. Interest rate risks

Interest rate risk represents the risk that changes in prevailing interest rates will affect the future cash flows of financial instruments with variable interest rates, and the resulting impact on the Group’s financial position, results of operations and cash flows.

The Group is exposed to interest rate risk primarily as a result of loans and financing facilities bearing variable interest rates, which may result in an increase in financing costs and future cash flows if interest rates increase.

To mitigate the Group’s exposure to fluctuations in interest rates, management entered into a derivative financial contract with a financial institution to manage the interest rate risk associated with certain loans, with the objective of fixing or limiting the impact of interest rate fluctuations on the Group’s future cash flows (Note 13).

Management continuously monitors developments in interest rates and the exposure arising from loans and financial derivatives and periodically assesses the adequacy of the interest rate risk management arrangements in light of market conditions and changes in interest rates.

As at the reporting date, management believes that the measures taken to manage interest rate risk, including the use of financial derivatives, appropriately limit the Group’s exposure to fluctuations in interest rates.

Credit risk

Credit risk arises from the failure of a counterparty to a financial instrument to fulfill its obligations, thereby causing the Group to incur a financial loss. The Group’s financial instruments subject to credit risk primarily comprise cash at banks and accounts receivable. The Group deposits its funds with reputable financial institutions possessing high creditworthiness; it also maintains a policy regarding the volume of funds deposited with each bank, and management does not anticipate significant credit risk arising from these arrangements. Furthermore, the Group periodically monitors outstanding accounts receivable.

The Group determines expected credit losses for student receivables by applying the simplified approach; expected credit losses amounted to ﷲ 18 million (June 30, 2025: ﷲ 11.7 million). The table below shows the aging of student receivables:

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31. FINANCIAL INSTRUMENTS (CONTINUED)

d) Financial instruments risks (continued)

	June 30, 2026	June 30, 2025
No yet due	64,968,812	86,201,758
Overdue for less than one year	121,301,383	35,833,183
Overdue from one year to two years	10,391,358	4,537,381
Overdue for more than two years	5,925,590	3,552,145
Total	202,587,143	130,124,467
Less: expected credit losses	(18,811,308)	(11,686,639)
Net students’ receivables	183,775,835	118,437,828

Liquidity risk

Liquidity risk arises from the Group's inability to meet its financial obligations as they fall due. Management ensures that sufficient funds are available to meet obligations upon maturity. The Group’s financial liabilities comprise trade payables, accruals, other credit balances, and long-term loans. The Group mitigates liquidity risk by securing banking facilities and aligning the timing of customer collections with the payment schedules for suppliers and other creditors. All trade payables and amounts due are non-interest-bearing and are expected to be settled within 12 months of the consolidated financial statements' date.

e) Management of the financial instruments risk

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

	Less than one year	From 1 year to 5 years	More than 5 years	Total
As at June 30, 2026				
Trade payables	14,736,202	-	-	14,736,202
Other payable balances	1,470,481	-	-	1,470,481
Lease liabilities	18,549,870	110,672,504	469,967,647	599,190,021
Loans	28,095,712	116,805,885	-	144,901,597
	62,852,265	227,478,389	469,967,647	760,298,301
As at June 30, 2025				
Trade payables	5,309,799	-	-	5,309,799
Other payable balances	1,358,294	-	-	1,358,294
Lease liabilities	12,094,156	56,934,341	42,103,841	111,132,338
Loans	16,809,361	51,533,071	-	68,342,432
	35,571,610	108,467,412	42,103,841	186,142,863

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32. EARNINGS PER SHARE

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

	June 30, 2026	For the period from January 01, 2024, to June 30, 2025 (restated)
Net profit for the year/period	40,654,378	41,456,300
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share.	134,934,552	135,000,000
Basic and diluted earnings per share attributable to the net profit for the year/period	0.30	0.31

Bonus shares and treasury shares

During the year, the company increased its capital from ﷲ 90 million to ﷲ 135 million by capitalizing ﷲ 45 million from retained earnings, resulting in the issuance of 45 million bonus shares. Consequently, the number of ordinary shares rose from 90 million to 135 million.

The weighted average number of ordinary shares used in calculating basic and diluted earnings per share has been adjusted retrospectively to reflect the issuance of bonus shares, in accordance with the requirements of International Accounting Standard 33.

During the year, the Company also purchased 273,557 of its ordinary shares as treasury shares. These treasury shares have been excluded from the weighted average number of ordinary shares from the dates of their purchase for the purpose of calculating basic and diluted earnings per share.

33. CAPITAL COMMITMENTS

As of June 30, 2026, the Group's capital commitments amounted ﷲ to 1.3 million.

34. SEGMENTAL REPORTING

The Company provides educational services and has one operating segment, which is the educational activities. The Company operates solely in the Kingdom of Saudi Arabia and does not have a geographical segment.

Inspired Learning Private School Company (Previously: National Learning School Company operates in the education sector; accordingly, the education sector represents 100% of the Group's activities.

35. SUBSEQUENT EVENTS

- The Company's Board of Directors, at its meeting held on September 10, 2026, recommended increasing the Company's share capital from ﷲ 135 million to ﷲ 157.5 million through the issuance of bonus shares at a ratio of one share for every six existing shares held by the shareholders, by capitalizing ﷲ 22.5 million from the retained earnings balance as at June 30, 2026. The bonus issue is subject to obtaining the approval of the relevant competent authorities and the approval of the Extraordinary General Assembly for the increase in share capital and the number of bonus shares to be issued.
- The Company's Board of Directors, at its meeting held on September 10, 2026, approved the cancellation of the Commercial Registration of Academy of Learning Investment Company (the subsidiary).

36. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors and authorized for issue on September 10, 2026.