



**ATAA EDUCATIONAL COMPANY**

(Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**For the three-month period ended 31 October 2023**

**Together with the Independent Auditor's Review Report**

**ATAA EDUCATIONAL COMPANY**

(Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**For the three-month period ended 31 October 2023**

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**PKF**Ibrahim Ahmed Al-Bassam  
& Co. Certified Public Accountants**INDEPENDENT AUDITOR'S REVIEW REPORT  
ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****TO THE SHAREHOLDERS OF ATAA EDUCATIONAL COMPANY  
A SAUDI JOINT STOCK COMPANY**

(1 /1)

**RIYADH, KINGDOM OF SAUDI ARABIA****INTRODUCTION**

We have reviewed the accompanying interim consolidated statement of financial position of Ataa Educational Company ("the Company") and its subsidiaries (together "the Group") as of 31 October 2023 and the related interim consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review.

**SCOPE OF REVIEW**

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

**CONCLUSION**

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

**For Al-Bassam & Co.**


Ibrahim A. Al Bassam  
Certified Public Accountant  
License No. 337

Riyadh: 6 Jumada Al Akhira 1445H  
Corresponding to: 19 Dec 2023

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**ATAA EDUCATIONAL COMPANY**

(Saudi Joint Stock Company)

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)****As of 31 October 2023**

(All amounts in SAR unless otherwise stated)

		31 October 2023 (Unaudited)	31 July 2023 (Audited -restated Note 15)	1 August 2022 (Audited -restated Note 15)
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	4	849,642,017	835,533,585	804,742,006
Goodwill		535,544,389	535,544,389	535,544,389
Intangible assets		25,942,444	26,608,055	29,630,872
Right-of-use assets		491,472,989	483,702,977	497,472,930
<b>Total Non-Current Assets</b>		<b>1,902,601,839</b>	<b>1,881,389,006</b>	<b>1,867,390,197</b>
<b>Current Assets</b>				
Inventory		8,582,252	6,406,743	4,002,557
Accounts receivable	5	143,958,796	106,941,635	116,215,585
Prepayments and other current assets		82,569,052	49,218,978	34,337,592
Due to related parties		-	-	336,110
Cash and cash equivalents		28,699,750	39,493,187	48,961,017
<b>Total Current Assets</b>		<b>263,809,850</b>	<b>202,060,543</b>	<b>203,852,861</b>
<b>TOTAL ASSETS</b>		<b>2,166,411,689</b>	<b>2,083,449,549</b>	<b>2,071,243,058</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital	7	420,872,150	420,872,150	420,872,150
Share premium		276,786,861	276,786,861	276,786,861
Statutory reserve		44,723,063	44,723,063	37,944,461
Actuarial reserve		(12,175,112)	(12,175,112)	(9,919,614)
Retained earnings		78,613,625	56,562,366	95,840,749
<b>Equity attributable to shareholders of the Parent Company</b>		<b>808,820,587</b>	<b>786,769,328</b>	<b>821,524,607</b>
Non-controlling interest		61,389,186	60,045,665	60,688,877
<b>TOTAL EQUITY</b>		<b>870,209,773</b>	<b>846,814,993</b>	<b>882,213,484</b>
<b>LIABILITIES</b>				
<b>Non-Current Liabilities</b>				
Lease liabilities for right-of-use assets		505,765,492	506,703,566	503,346,927
Borrowings	8-2	354,591,796	322,847,821	367,920,761
Deferred government subsidy income		635,492	704,599	1,043,614
Employee end-of-service benefits		59,922,652	59,526,191	60,261,770
<b>Total Non-Current Liabilities</b>		<b>920,915,432</b>	<b>889,782,177</b>	<b>932,573,072</b>
<b>Current Liabilities</b>				
Borrowings	8-2	94,667,011	174,276,298	122,867,861
Lease liabilities for right-of-use assets		43,607,916	42,220,891	54,799,655
Deferred revenue		194,517,769	36,084,127	26,958,505
Trade payables		13,325,154	16,306,260	13,251,206
Deferred government subsidy income		323,367	339,014	399,199
Accrued expenses and other current liabilities		23,504,012	72,480,431	30,024,394
Due to related parties	6-1	300,622	786,479	3,401,214
Zakat provision	9-2	5,040,633	4,358,879	4,754,468
<b>Total Current Liabilities</b>		<b>375,286,484</b>	<b>346,852,379</b>	<b>256,456,502</b>
<b>TOTAL LIABILITIES</b>		<b>1,296,201,916</b>	<b>1,236,634,556</b>	<b>1,189,029,574</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,166,411,689</b>	<b>2,083,449,549</b>	<b>2,071,243,058</b>
Contingencies and capital commitments	12			

**Chief Financial Officer**

Adel Nader Desouki

**Chief Executive Officer**

Fahd bin Abdulaziz Al-Tuwaijri

**Chairman**

Tariq bin Othman Al Qasabi

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



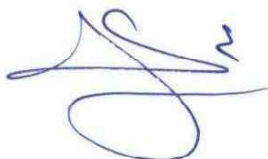
**ATAA EDUCATIONAL COMPANY**

(Saudi Joint Stock Company)

**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)****For the three-month period ended 31 October 2023**

(All amounts in SAR unless otherwise stated)

	Note	For the three-month period ended 31 October	
		2023 (Unaudited)	2022 (Unaudited)
Revenue	13	170,498,483	167,787,485
Government subsidy income	13	3,244,278	3,739,725
Cost of revenue	13	(118,343,627)	(121,561,680)
<b>Gross profit</b>		<b>55,399,134</b>	<b>49,965,530</b>
Marketing expenses		(2,440,527)	(1,695,855)
General and administrative expenses		(17,206,146)	(16,915,858)
Provision for impairment of accounts receivable	5	(2,777,621)	(1,768,273)
<b>Operating income</b>		<b>32,974,840</b>	<b>29,585,544</b>
Other income		6,518,646	5,867,356
Capital (losses) / gains		(558,187)	47,971
Finance costs	10	(14,858,765)	(10,434,556)
<b>Net income for the period before zakat</b>		<b>24,076,534</b>	<b>25,066,315</b>
Zakat	9-2	(681,754)	(762,000)
<b>Net income for the period</b>		<b>23,394,780</b>	<b>24,304,315</b>
<b>Net income for the period attributable to:</b>			
Shareholders of the Company		22,051,259	21,060,613
Non-controlling interest		1,343,521	3,243,702
		<b>23,394,780</b>	<b>24,304,315</b>
<b>Basic and diluted earnings per share:</b>			
<b>Basic and diluted earnings per share as per net income for the period attributable to the shareholders of the Company</b>	11	<b>0,52</b>	<b>0,50</b>



**Chief Financial Officer**  
Adel Nader Desouki



**Chief Executive Officer**  
Fahd bin Abdulaziz Al-Tuwaijri



**Chairman**  
Tariq bin Othman Al-Qasabi

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

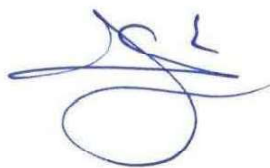
**ATAA EDUCATIONAL COMPANY**

(Saudi Joint Stock Company)

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)****For the three-month period ended 31 October 2023**

(All amounts in SAR unless otherwise stated)

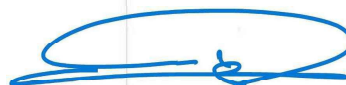
	<b>For the three-month period ended 31 October</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Net income for the period	<b>23,394,780</b>	24,304,315
<b><u>Items that will not be reclassified subsequently to the statement of profit or loss:</u></b>		
Actuarial gains on remeasurement of employee end-of-service benefits	-	-
<b>Total comprehensive income for the period</b>	<b>23,394,780</b>	24,304,315
<b>Total comprehensive income for the period attributable to:</b>		
Shareholders of the Company	<b>22,051,259</b>	21,060,613
Non-controlling interest	<b>1,343,521</b>	3,243,702
	<b>23,394,780</b>	24,304,315

**Chief Financial Officer**

Adel Nader Desouki

**Chief Executive Officer**

Fahd bin Abdulaziz Al-Tuwaijri


**Chairman**

Tariq bin Othman Al-Qasabi


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

**ATAA EDUCATIONAL COMPANY**  
(Saudi Joint Stock Company)  
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**For the three-month period ended 31 October 2023**  
(All amounts in SAR unless otherwise stated)

	Share Capital	Share Premium	Statutory Reserve	Actuarial Reserve	Retained Earnings	Equity Attributable to Shareholders of The Parent Company	Non-Controlling Interest	Total Equity
<b>For the three-month period ended 31 October 2022</b>								
Balance as of 31 July 2022	420,872,150	276,786,861	41,756,561 (3,812,100)	(9,919,614)	130,149,649 (34,308,900)	859,645,607 (38,121,000)	78,916,954 (18,228,077)	938,562,561 (56,349,077)
(Audited – before restatement)								
Prior years adjustments (Note 15)	-	-	-	-	-	-	-	-
Balance as of 31 July 2022 after restatement	420,872,150	276,786,861	37,944,461	(9,919,614)	95,840,749	821,524,607	60,688,877	882,213,484
Net income for the period	-	-	-	-	21,060,613	21,060,613	3,243,702	24,304,315
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	21,060,613	21,060,613	3,243,702	24,304,315
Balance as of 31 October 2022	420,872,150	276,786,861	37,944,461	(9,919,614)	116,901,362	842,585,220	63,932,579	906,517,799
(Restated - Unaudited)								
<b>For the three-month period ended 31 October 2023</b>								
Balance as of 31 July 2023	420,872,150	276,786,861	48,535,163 (3,812,100)	(12,175,112)	90,871,266 (34,308,900)	824,890,328 (38,121,000)	60,045,665	884,935,993 (38,121,000)
(Audited – before restatement)								
Prior years adjustments (Note 15)	-	-	-	-	-	-	-	-
Balance as of 31 July 2023 after restatement	420,872,150	276,786,861	44,723,063	(12,175,112)	56,562,366	786,769,328	60,045,665	846,814,993
Net income for the period	-	-	-	-	22,051,259	22,051,259	1,343,521	23,394,780
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	22,051,259	22,051,259	1,343,521	23,394,780
Balance as of 31 October 2023	420,872,150	276,786,861	44,723,063	(12,175,112)	78,613,625	808,820,587	61,389,186	870,209,773
(Unaudited)								

  
**Chief Financial Officer**  
Adel Nader Desouki

  
**Chief Executive Officer**  
Fahd bin Abdulaziz Al-Tuwaijri

  
**Chairman**  
Tariq bin Othman Al-Qasabi

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



(Saudi Joint Stock Company)

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

**For the three-month period ended 31 October 2023**

(All amounts in SAR unless otherwise stated)

		For the three-month period ended 31 October	
		2023 (Unaudited)	2022 (Unaudited)
	<u>Note</u>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the period before zakat		24,076,534	25,066,315
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	13	7,957,262	7,247,779
Amortization of intangible assets		665,611	743,950
Depreciation of right-of-use assets		13,024,222	14,127,085
Losses on derecognition of lease liabilities		288,143	-
Losses/(gains) on disposal of property and equipment		558,187	(47,971)
Provision for impairment of accounts receivable	5	2,777,621	1,768,273
Finance costs	10	14,858,765	10,434,556
Provision for employee end-of-service benefits		3,810,668	3,664,841
		<b>68,017,013</b>	<b>63,004,828</b>
<b>Changes in operating assets and liabilities:</b>			
Inventory		(2,175,509)	(3,314,087)
Accounts receivable		(39,794,782)	(21,718,857)
Prepayments and other current assets		(33,350,074)	(16,300,519)
Due from related parties		-	72,706
Deferred revenue		158,433,642	98,016,617
Trade payables		(2,981,106)	(4,656,349)
Accrued expenses and other current liabilities		(48,976,419)	(1,885,310)
Due to related parties		(485,857)	755,782
<b>Cash generated from operating activities</b>		<b>98,686,908</b>	<b>113,974,811</b>
Employee end-of-service benefits paid		(3,414,207)	(3,140,383)
Zakat paid		-	(393,248)
<b>Net cash generated from operating activities</b>		<b>95,272,701</b>	<b>110,441,180</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions of property and equipment and projects in process		(22,623,881)	(13,900,842)
Proceeds from disposal of property and equipment		-	48,000
<b>Net cash used in investing activities</b>		<b>(22,623,881)</b>	<b>(13,852,842)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Borrowings received	8-2	110,796,496	(92,322,645)
Borrowings paid	8-2	(157,476,677)	39,000,000
Lease liabilities paid		(27,294,770)	(24,807,880)
Deferred government subsidy income		(84,754)	(99,800)
Finance costs paid	8-2	(9,382,552)	(2,919,172)
<b>Net cash used in financing activities</b>		<b>(83,442,257)</b>	<b>(81,149,497)</b>
<b>Net change in cash and cash equivalents</b>		<b>(10,793,437)</b>	<b>15,438,841</b>
Cash and cash equivalents at beginning of the period		39,493,187	48,961,017
<b>Cash and cash equivalents at end of the period</b>		<b>28,699,750</b>	<b>64,399,858</b>
<b>Non-cash transactions</b>	14		

### Chief Financial Officer

Adel Nader Desouki

**Chief Executive Officer**

Fahd bin Abdulaziz Al-Tuwaijri

## Chairman

Tariq bin Othman Al-Qasabi
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The accompanying notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.



# ATAA EDUCATIONAL COMPANY

(Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 October 2023

(All amounts in SAR unless otherwise stated)

### 1. LEGAL STATUS AND ACTIVITIES

Ataa Educational Company (the "Company") is a Saudi Joint Stock Company, incorporated under the Regulations for Companies in the Kingdom of Saudi Arabia and was registered in Riyadh under Commercial Registration No. 1010186435 dated 10 Rabi' I 1424 AH corresponding to 11 May 2003, as Saudi Joint Stock Company under the Ministerial Resolution No. (71/s) on 10 Rabi' I 1431 AH corresponding to 24 February 2010.

On 28 Thul-Qi'dah 1440 AH corresponding to 31 July 2019, the Company's shares were listed and started trading on Saudi Stock Exchange (Tadawul) under the code (4292). Trading of the Company's shares in Saudi Stock Exchange commenced on 31 July 2019G after obtaining the approval of the Capital Market Authority in Kingdom of Saudi Arabia.

The Company is principally engaged in the establishment, ownership, management and operating national and international schools, kindergarten, primary, intermediate and secondary schools for boys and girls (general and memorization), colleges and universities in Kingdom of Saudi Arabia and abroad, establishing, managing and maintaining training centers, purchasing, developing, managing existing schools and educational and training facilities, owning, managing and operating educational and training institutes, owning and managing vocational training centers, and establishing, owning and managing private educational schools. The Company operates in accordance with the applicable regulations and after obtaining the necessary licenses from the relevant authorities.

The Company's head office is located as follows:

P.O. Box 87527

Riyadh 11652

Kingdom of Saudi Arabia

The Company's financial year commences on 1 August and ends on 31 July of each year in accordance with the Company's articles of association.

The attached interim condensed consolidated financial statements include the accounts of the Company, its branches and subsidiaries as follows:

<u>Branch Name</u>	<u>CR No.</u>
Al-Rowad Schools - Al Izdihar district	1010362199
Al-Rowad Schools - Al Rawabi District	1010275978
Al-Rowad Schools - Al Mansoura District	1010397500
Al-Rowad Schools - Al-Andalus District	1010203258
Al-Rowad Schools - Ishbilyah District	1010469726
Middle East International School - Ishbilyah District	1010450854
Al Fikr Private School - Al-Rahmaniyah District	1010192540
New Middle East International School - Sulaymaniyah District	1010903137
Middle East International School - Mourouj District	1010192541
New Middle East International School - Sulaymaniyah District	1010250798
Modern Middle East International School - Al Rawda branch	1010352008
Al Sulaymaniyah International Private School - Sulaymaniyah District	1010196919
Ataa Educational Company for Maintenance and Operation - Al Izdihar district	1010452144

# ATAA EDUCATIONAL COMPANY

(Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 October 2023

(All amounts in SAR unless otherwise stated)

### 1. LEGAL STATUS AND ACTIVITIES (CONTINUED)

The subsidiaries of the Group that are owned directly or indirectly ("referred to as" the Group "):

<u>Subsidiary</u>	<u>Country of Incorporation</u>	<u>Legal Form</u>	<u>Effective Ownership Percentage (Direct / Indirect)</u>	
			<u>31 October 2023</u>	<u>31 July 2023</u>
Al Nokhbah Educational Company (1)	KSA	LLC	100%	100%
Al Oruba International Company for Education Services (2)	KSA	LLC	100%	100%
Al-Rowad Company for Supporting Services (3)	KSA	LLC	100%	100%
Elm International Schools Company (4)	KSA	LLC	100%	100%
Wasat National Training and Education Company (5)	KSA	LLC	52%	52%
Arabian Education and Training Group Holding Company (6)	KSA	CJSC	100%	100%
Creative Development Company (6)	KSA	LLC	100%	100%
Alfaisal International Academy Company (6)	KSA	LLC	100%	100%
Amjad Qurtuba Educational Services Company (6)	KSA	LLC	100%	100%
Nabaa Educational Company (6)	KSA	LLC	100%	100%
Al-Alsun International Private Schools Company (6)	KSA	LLC	100%	100%
Jasmine International Company (6)	KSA	LLC	100%	100%
Jeel Al Majd International Private Schools Company (6)	KSA	LLC	100%	100%
Academic Company for Educational Services (6)	KSA	CJSC	52.2%	52.2%

- (1) The Nokhbah Educational Company ("the Company") is a limited liability Company, incorporated under the Regulations for Companies in Kingdom of Saudi Arabia and registered in Riyadh under Commercial Registration No. 1010231261 on 26 Rabi' I 1428 AH corresponding to 14 April 2007.

The Company is principally engaged in pre-school and kindergarten education with a national curriculum, primary, intermediate and secondary education for male and female students with a national curriculum.

The Company operates through Al Nokhba Educational Schools, Al Kharj Branch, in Al Nahda District, under commercial registration No. 1011010525 in Riyadh on 15 Jumada I 1425 AH corresponding to 3 July 2004.

- (2) Al Oruba International Company for Education Services ("the Company") is a limited liability Company, incorporated under the Regulations for Companies in Kingdom of Saudi Arabia and registered in Riyadh under Commercial Registration No. 1010259834 on 25 Dhual-Hijjah 1429 AH corresponding to 24 December 2008.

The Company is principally engaged in pre-school and kindergarten education with an international curriculum, primary, intermediate and secondary education for male and female students with an international curriculum.

# **ATAA EDUCATIONAL COMPANY**

(Saudi Joint Stock Company)

## **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-month period ended 31 October 2023**

(All amounts in SAR unless otherwise stated)

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### **1. LEGAL STATUS AND ACTIVITIES (CONTINUED)**

- (3) Al-Rowad Company for Supporting Services (“the Company”) is a limited liability Company, incorporated under the Regulations for Companies in Kingdom of Saudi Arabia and registered in Riyadh under Commercial Registration No. 1010299500 on 19 Muharram 1432 AH corresponding to 25 December 2010.

The Company is principally engaged in general construction for non-residential buildings such as schools, hospitals and hotels, and educational transportation.

- (4) Elm International Schools Company (“the Company”) is a limited liability Company, incorporated under the Regulations for Companies in Kingdom of Saudi Arabia and registered in Riyadh under Commercial Registration No. 1010218835 on 3 Rabi’ II 1427 AH corresponding to 1 May 2006.

The Company is principally engaged in pre-school and kindergarten education with an international curriculum, primary, intermediate and secondary education for male and female students with an international curriculum.

The Company operates through the Elm International Schools Company branch, under commercial registration No. 1010393369 in Riyadh on 1 Rabi’ II 1435 AH corresponding to 1 February 2014.

- (5) Al-Wasat National Training and Education Company is a limited liability Company, incorporated under the Regulations for Companies in Kingdom of Saudi Arabia and registered in Riyadh under Commercial Registration No. 1010192295 on 26 Shawwal 1424 AH corresponding to 18 December 2003.

The Company is principally engaged in primary, intermediate and secondary education for students with a national curriculum.

- (6) Arabian Education and Training Group Holding Company (“the Company”) is a Saudi closed joint stock company in Kingdom of Saudi Arabia and was registered under the Commercial registration No. 1010206103 in Riyadh on 18 Muharram 1426 AH corresponding to 27 February 2005.

The Company is principally engaged in managing subsidiaries of holding companies, investing the funds of subsidiaries of holding companies, holding real estate and movable property necessary for the holding companies, providing loans, guarantees, and finance to subsidiaries of the holding companies, holding industrial property rights to subsidiaries of the holding companies and leasing industrial property rights to subsidiaries of the holding companies.

Ataa Educational Company (“the Company”) indirectly owns the rest of the companies mentioned in the Note through Arabian Education and Training Group Holding Company (“the Company”) according to ownership percentages set out in the Note.



## **ATAA EDUCATIONAL COMPANY**

(Saudi Joint Stock Company)

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-month period ended 31 October 2023**

(All amounts in SAR unless otherwise stated)

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## **2. BASIS OF PREPARATION AND MEASUREMENT**

### **2-1 Statement of compliance**

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (SOCPA). should be read in conjunction with the Group’s financial statements as of and for the year ended 31 July 2023. As it does not include all the information required to prepare a complete set of financial statements, it nevertheless mentions accounting policies and explanatory notes to explain significant events and transactions to understanding changes in the Group’s financial position and performance since the Group’s last annual financial statements.

The results for the three-month period ended 31 October 2023 are not necessarily indicative of the results that can be expected for the financial year ended 31 July 2024.

### **2-2 Basis of consolidation**

The interim consolidated financial statements include the financial statements of Atta Educational Company, its branches and subsidiaries (the Group) as described in Note (1).

The interim consolidated financial statements include the financial statements of the Parent Company and its subsidiaries as of 31 October 2023. Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group maintains less than the majority of voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other voting holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses its control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date that the Group obtains control until the date the Group ceases to control the subsidiary.

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**For the three-month period ended 31 October 2023**

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## **2. BASIS OF PREPARATION AND MEASUREMENT (CONTINUED)**

### **2-2 Basis of consolidation (Continued)**

Consolidated profit or loss and each item of other comprehensive income are attributable to shareholders of the Group's Parent Company and non-controlling interest, even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All inter-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non-controlling interests.
- Derecognizes the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes any surplus or deficit in consolidated statement of profit or loss.
- Reclassifies the Parent Company's share of components previously recognized in the comprehensive income to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

### **2-3 Basis of measurement**

The consolidated financial statements have been prepared on historical cost basis except for employee end-of-service benefit obligations and Ministry of Finance borrowings that are recognized at the present value of future obligations using the projected unit Credit Method.

In line with the Capital Market Authority circular dated 17 October 2016, the Group is required to apply the cost model to measure property, plant and equipment and intangible assets when adopting International Financial Reporting Standards for a period of three years from the date of adopting International Financial Reporting Standards, which has been extended later until 31 December 2024.

### **2-4 Going Concern**

As of 31 October 2023, the Group's current liabilities exceeded its current assets by SAR 111.47 million (31 July 2023: SAR 144.8 million), which was mainly related to borrowings, lease liabilities for right-of-use assets and deferred revenue of SAR 332.79 million as the revenues received in advance during the coming periods are settled with the balances of receivables according to the dues of tuition fees and despite the deficit in working capital, the Group has an operating cash flow of SAR 95.3 million, which is an indication of the Group's ability to meet its obligations when they fall due. The Group's management monitors cash management and analyzes liquidity risks intensively and is confident of its ability to close the deficit in working capital, and accordingly, the accompanying interim condensed consolidated financial statements have been prepared on a going concern basis.

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## **2. BASIS OF PREPARATION AND MEASUREMENT (CONTINUED)**

### **2-5 Functional and presentation currency**

These interim condensed consolidated financial statements are presented in SAR, which is the Group's functional and presentation currency. Figures are rounded off to the nearest Riyal unless otherwise stated.

### **2-6 Significant accounting judgments, estimates and assumptions:**

The preparation of these interim condensed consolidated financial statements required management to make judgments, estimates and assumptions that affect the application of policies and reported amounts, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which the estimates are reviewed if the revision affects only that period, or in the period of the revision and future periods affected.

The significant estimates made by management in applying the Company's accounting policies and key sources of estimation uncertainties were similar to those described in the last annual financial statements.

The Company's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in preparing the interim condensed consolidated financial statements are consistent with the policies followed in preparing the Company's annual financial statements for the year ended 31 July 2023.

### **3-1 New standards, amendments to standards and interpretations**

There are no new standards issued, however, a number of amendments to the standards are effective as of 1 January 2023, which are described in the Group's annual consolidated financial statements but have no significant impact on the interim condensed consolidated financial statements. The Group is not required to change its accounting policies or make retrospective adjustments as a result of adopting these revised standards.



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**4. PROPERTY, PLANT AND EQUIPMENT**

- As of 31 October 2023, some land and buildings amounting to SAR 169.97 million (31 July 2023: SAR 170.37 million) were pledged for certain credit facilities as described in Note (8).
- As of 31 October 2023, the projects in process amounting to SAR 40.1 million (31 July 2023: SAR 21.4 million) are the project of an annex to the educational complex located in Al Izdihar district, building developments in educational complexes and building the educational complex for Wasat National Training and Education Company in Al-Salam district, buildings of Al-Alsun International Private Schools Company and Alfaisal International Academy Company, These projects are expected to be completed by the end of 2024.

**5. ACCOUNTS RECEIVABLE**

	<b>31 October 2023</b> <b>(Unaudited)</b>	31 July 2023 (Audited)
Accounts receivable	<b>163,734,874</b>	123,940,092
Less: Provision for impairment of accounts receivable	<b>(19,776,078)</b>	(16,998,457)
	<b>143,958,796</b>	106,941,635

Movement in provision for impairment of accounts receivable is as follows:

	<b>31 October 2023</b> <b>(Unaudited)</b>	31 July 2023 (Audited)
Balance at beginning of the period / year	<b>16,998,457</b>	12,659,213
Charged during the period / year	<b>2,777,621</b>	4,339,244
<b>Balance at end of the period / year</b>	<b>19,776,078</b>	16,998,457

**6. RELATED-PARTY TRANSACTIONS AND BALANCES**

Related-party transactions include rentals of educational complexes, expenses on behalf, salaries and remunerations and compensations and committee allowances to board members and key executives and management carried out between the Group and a shareholder, between the Group and associates, or shareholders of subsidiaries, and between the Group and board members and key executives and management during the period, and those transactions are carried out in the normal course of Group's activities according to the same transaction terms with third party. Significant related-party transactions and resulting balances are as follows:

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**6. RELATED-PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

		<b>Amount of Transaction</b>	
		<b>For the three -month period ended</b>	
	<b>Nature of Relationship</b>	<b>Nature of Transaction</b>	
		<b>31 October 2023 (Unaudited)</b>	<b>31 October 2022 (Unaudited)</b>
Fawzia Al Haqbani	Shareholder in a subsidiary	Expenses on behalf	-
Hayat Al Shahrani	Shareholder in a subsidiary	Expenses on behalf	-
Dr. Ahmed bin Nasser Al Miteb	Shareholder and board	Rentals	2,793,932
El-Shrouk Pioneer Academy	Associate	Expenses on behalf	-
Labinat Development Holding Company	Associate	Expenses on behalf	-
Driving Academy Company	Associate	Expenses on behalf	-
Dr. Ahmed Abdulrahman Al Taweel	Shareholder in a subsidiary	Expenses on behalf	-
			63,404
			63,404
			3,768,932
			79,230
			15,000
			200,000
			58,235

**6-1 Due to related parties**

	<b>31 October 2023 (Unaudited)</b>	<b>31 July 2023 (Audited)</b>
Fawzia Al Haqbani	166,619	166,619
Hayat Al Shahrani	119,860	119,860
Dr. Ahmed bin Nasser Al Miteb	14,143	500,000
	<b>300,622</b>	<b>786,479</b>

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**6. RELATED-PARTY TRANSACTIONS AND BALANCES (CONTINUED)****6-2 Benefits, remunerations and compensation to key management and executives**

	<b>For the three -month period ended 31 October 2023 (Unaudited)</b>		<b>For the three -month period ended 31 October 2022 (Unaudited)</b>	
	<b>BOD and Committees</b>	<b>Key Management Personnel</b>	<b>BOD and Committees</b>	<b>Key Management Personnel</b>
Remunerations and allowances	<b>610,000</b>	-	610,000	-
Salaries, remunerations and end-of-service benefits	-	<b>1,428,792</b>	-	1,767,108
	<b>610,000</b>	<b>1,428,792</b>	610,000	1,767,108

**7. SHARE CAPITAL**

The authorized and paid-up capital of the Group is SAR 420.87 million as of 31 October 2023 (31 July 2023: SAR 420.87 million) divided into 42,087,215 shares (31 July 2023: 42,087,215 shares) of SAR 10 each.

**8. BORROWINGS**

Borrowings are as follows:

**8-1 Borrowing from the Ministry of Finance**

The Group obtained a long-term borrowing with the Ministry of Finance totalling SAR 21.2 million to finance the contracting and construction of educational complex in Al Mansoura District. The facility is repaid in ten annual payments after a four-year grace period from the date of signing the agreement and last payment is due on 10 June 2027. These facilities were made without profit margin or commission.

**Guarantees**

These facilities are guaranteed against the land of staff accommodation villa in Al Rawabi District and the land located in Al Salam district totalling SAR 21.29 million (31 July 2023: SAR 21.29 million) Note (4).

Movement in the borrowing from the Ministry of Finance during the period / year is set out below:

	<b>31 October 2023 (Unaudited)</b>	<b>31 July 2023 (Audited)</b>
Balance at beginning of the period / year	<b>7,615,200</b>	11,422,800
Paid during the period / year	-	(3,807,600)
<b>Balance at end of the period / year</b>	<b>7,615,200</b>	7,615,200



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**8. BORROWINGS (CONTINUED)****8-1 Borrowing from the Ministry of Finance (Continued)**

Present value of the borrowing from the Ministry of Finance is stated as follows:

	<b>31 October 2023</b> <b>(Unaudited)</b>	31 July 2023 (Audited)
Borrowing at end of the period / year	<b>7,615,200</b>	7,615,200
<b><u>Less: deferred financial expenses</u></b>		
Balance at beginning of the period / year	<b>(1,043,613)</b>	(1,442,813)
Financial expenses for the period / year (Note 10)	<b>84,754</b>	399,200
Balance at end of the period / year	<b>(958,859)</b>	(1,043,613)
<b>Present value of the borrowing at end of the period / year</b>	<b>6,656,341</b>	6,571,587

**8-2 Borrowings from local banks**

The Group has signed Shariah-compliant facility agreements with several local banks in the form of Islamic Murabahas totalling SAR 951,05 million. These facilities were made with a profit margin and commission of Saudi interbank offered rate (SIBOR) plus a fixed rate on the facilities, these facilities are guaranteed against land and properties amounting to SAR 148,68 million (31 July 2023: SAR 149,17 million) Note (4), and (14) promissory notes amounting to SAR 976,65 million, bank agreements contain Bank covenants and these covenants are monitored by the management on a monthly basis, in the event of a breach or possible breach of these covenants, management takes actions to ensure compliance with these covenants. Movement in the borrowings from local banks is set out below:

	<b>31 October 2023</b> <b>(Unaudited)</b>	31 July 2023 (Audited)
Balance at beginning of the period / year	<b>490,552,532</b>	480,808,635
Finance obtained during the period / year	<b>110,796,496</b>	393,698,750
Accrued financial expenses (Note 10)	<b>8,112,667</b>	28,180,865
Paid during the period / year	<b>(166,859,229)</b>	(412,135,718)
<b>Total borrowings from local banks at end of the period / year</b>	<b>442,602,466</b>	490,552,532

Breakdown of the borrowings stated in the interim consolidated statement of financial position are as follows:

	<b>31 October 2023</b> <b>(Unaudited)</b>	31 July 2023 (Audited)
Borrowings – non current portion*	<b>354,591,796</b>	322,847,821
Borrowings – current portion*	<b>94,667,011</b>	174,276,298
	<b>449,258,807</b>	497,124,119

\* Includes the borrowing from the Ministry of Finance (Note 8-1)

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#### 9. ZAKAT PROVISION

##### 9-1 Zakat Status

The Group filed its zakat returns with Zakat, Tax and Customs Authority ("ZATCA") until the year ended 31 July 2022 and obtained a certificate with ZATCA valid until 16 Jumada I 1445 AH, corresponding to 30 November 2023.

Ataa Educational Company ("Parent Company") obtained the necessary regulatory approvals and the approval of ZATCA to calculate Zakat according to the consolidated financial statements, where the Zakat provision is calculated based on the consolidated Zakat base for the Parent Company and its subsidiaries directly owned by 100% except for Arabian Education and Training Group Holding Company. The Company is currently reviewed subject to Zakat and tax for the years 2021 and 2022 and the review has not been finalized until the date of approval of interim condensed consolidated financial statements.

##### 9-2 Movement in Zakat Provision

	31 October 2023 (Unaudited)	31 July 2023 (Audited))
Balance at beginning of the period / year	4,358,879	4,754,468
Charged during the period / year	681,754	2,791,088
Paid during the period / year	-	(3,186,677)
<b>Balance at end of the period / year</b>	<b>5,040,633</b>	<b>4,358,879</b>

#### 10. FINANCE COSTS

	For the three -month period ended	
	31 October 2023 (Unaudited)	31 October 2022 (Unaudited)
Interest on lease liabilities for right-of-use assets	6,661,344	5,435,673
Finance costs – borrowings from local banks (Note 8-2)	8,112,667	4,899,083
Finance costs – borrowing from the Ministry of finance (Note 8-1)	84,754	99,800
	<b>14,858,765</b>	<b>10,434,556</b>

#### 11. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing income for the period attributable to shareholders of the Parent Company by the weighted average number of common stock outstanding at period end amounting to 42,087,215 shares (31 October 2022: 42,087,215 shares). Diluted earnings per share are the same as basic earnings per share as the Parent Company has no dilutive instruments.

	For the three -month period ended	
	31 October 2023 (Unaudited)	31 October 2022 (Unaudited)
Net income for the period attributable to shareholders of the Parent Company	22,051,259	21,060,613
Weighted average number of shares	42,087,215	42,087,215
	<b>0,52</b>	<b>0,50</b>

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**12. CONTINGENCIES AND CAPITAL COMMITMENTS**

	<b>31 October 2023</b> <b>(Unaudited)</b>	31 July 2022 (Audited))
Capital commitments – projects in process	<b>44,820,122</b>	72,381,864
	<b>44,820,122</b>	72,381,864

**13. SEGMENT REPORTING**

The Group's mainly engaged in establishing national and international schools, kindergartens, primary, intermediate and secondary schools for boys and girls in Riyadh, intermediary for employment of Saudis, online recruitment agencies, agencies for temporary employment of migrant labor, providing other human resources, owning, managing, operating and establishing training institutes and higher training institutes. Information related to the Group's operating segments set out below is the one that is regularly reported to the Group's operating decision makers are as follows:

- Education Segment: This segment is engaged in establishing and managing national, international, French and Indian schools.
- Training Segment: This segment is engaged in establishing and operating training institutes.
- Recruitment Segment: This segment is engaged in intermediary for employment of Saudis and online recruitment agencies.

	<b>31 October 2023 (Unaudited)</b>			
	<b>Education Segment</b>	<b>Training Segment</b>	<b>Recruitment Segment</b>	<b>Total</b>
Revenue	<b>159,526,592</b>	<b>9,473,928</b>	<b>1,497,963</b>	<b>170,498,483</b>
Government subsidy income	<b>2,875,278</b>	<b>247,500</b>	<b>121,500</b>	<b>3,244,278</b>
<b>Total revenue</b>	<b>162,401,870</b>	<b>9,721,428</b>	<b>1,619,463</b>	<b>173,742,761</b>
Cost of revenue	<b>(107,181,067)</b>	<b>(8,558,084)</b>	<b>(2,604,476)</b>	<b>(118,343,627)</b>
<b>Gross profit</b>	<b>55,220,803</b>	<b>1,163,344</b>	<b>(985,013)</b>	<b>55,399,134</b>
<b>Net income</b>	<b>25,397,205</b>	<b>98,449</b>	<b>(2,100,874)</b>	<b>23,394,780</b>

	<b>31 October 2023 (Unaudited)</b>			
Property, plant and equipment	<b>809,713,301</b>	<b>38,871,779</b>	<b>1,056,937</b>	<b>849,642,017</b>

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### 13. SEGMENT REPORTING (CONTINUED)

31 October 2022 (Unaudited)				
	Education Segment	Training Segment	Recruitment Segment	Total
Revenue	154,589,954	13,077,409	120,122	167,787,485
Government subsidy income	2,379,283	-	1,360,442	3,739,725
<b>Total revenue</b>	<b>156,969,237</b>	<b>13,077,409</b>	<b>1,480,564</b>	<b>171,527,210</b>
Cost of revenue	(101,712,723)	(10,577,577)	(9,271,380)	(121,561,680)
<b>Gross profit</b>	<b>55,256,514</b>	<b>2,499,832</b>	<b>(7,790,816)</b>	<b>49,965,530</b>
Net income	31,361,463	1,318,618	(8,375,766)	24,304,315
31 July 2022 (Unaudited)				
Property, plant and equipment	763,702,153	35,399,213	5,640,640	804,742,006

- Due to the nature of the Group's activity and its management structure, it is not possible to practically allocate the other assets and liabilities items to the various operating segments.

31 October 2023 (Unaudited)				
	Education Segment	Training Segment	Recruitment Segment	Total
<b>Timing of revenue recognition:</b>				
At a certain point in time	2,875,278	9,721,428	1,619,463	14,216,169
Over time	159,526,592	-	-	159,526,592
<b>Total revenue</b>	<b>162,401,870</b>	<b>9,721,428</b>	<b>1,619,463</b>	<b>173,742,761</b>
31 October 2022 (Unaudited)				
	Education Segment	Training Segment	Recruitment Segment	Total
<b>Timing of revenue recognition:</b>				
At a certain point in time	2,379,283	13,077,409	1,480,564	16,937,256
Over time	154,589,954	-	-	154,589,954
<b>Total revenue</b>	<b>156,969,237</b>	<b>13,077,409</b>	<b>1,480,564</b>	<b>171,527,210</b>

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**14. NON-CASH TRANSACTIONS**

	<b>31 October 2023</b> <b>(Unaudited)</b>	<b>31 October 2022</b> <b>(Unaudited)</b>
Addition of right-of-use assets against lease liabilities	<b>22,035,973</b>	3,890,374

**15. PRIOR PERIODS ADJUSTMENTS AND RECLASSIFICATIONS**

Adjustments and reclassifications of the opening balances are as follows:

**(1) Interim consolidated statement of financial position as of 1 August 2022:**

<b>Item</b>	<b>Balance Before Adjustment</b>	<b>Adjustments Debit / (Credit)</b>	<b>Reclassifications Debit / (Credit)</b>	<b>Balance After Adjustment</b>	<b>Comment</b>
<b>Non-current assets</b>					Reclassification of goodwill as a single line item in the financial statements, unification of the policy to account for inter-group non-controlling interest and excluding goodwill from the acquired identifiable assets of the Arab Education and Training Holding Group in exchange for excluding the acquisition gains of the acquired company.
Intangible Assets:	621,524,338	(10,805,284)	(581,088,182)	29,630,872	
Goodwill	-	(45,543,793)	581,088,182	535,544,389	
<b>Total assets</b>	2,127,592,135	(56,349,077)	-	2,071,243,058	
<b>Equity</b>					
Statutory reserve	(41,756,561)	3,812,100	-	(37,944,461)	
Retained earnings	(130,149,649)	34,308,900	-	(95,840,749)	
Non-controlling interest	(78,916,954)	18,228,077	-	(60,688,877)	
<b>Total equity</b>	(938,562,561)	56,349,077	-	(882,213,484)	

**(2) Consolidated statement of financial position as of 31 July 2023:**

<b>Item</b>	<b>Balance Before Adjustment</b>	<b>Adjustments Debit / (Credit)</b>	<b>Reclassifications Debit / (Credit)</b>	<b>Balance After Adjustment</b>	<b>Comment</b>
<b>Non-current assets</b>					Reclassification of goodwill as a single line item in the financial statements, the amount of 617,146 Saudi riyals was reclassified from goodwill to intangible assets and excluding goodwill from the net assets acquired from Arabian Education and Training Group Holding Company.
Intangible Assets:	600,273,444	-	(573,665,389)	26,608,055	
Goodwill	-	(38,121,000)	573,665,389	535,544,389	
<b>Total assets</b>	2,121,570,549	(38,121,000)		2,083,449,549	
<b>Equity</b>					
Statutory reserve	(48,535,163)	3,812,100	-	(44,723,063)	
Retained earnings	(90,871,266)	34,308,900	-	(56,562,366)	
<b>Total equity</b>	(884,935,993)	38,121,000	-	846,814,993	

**16. SUBSEQUENT EVENTS**

Management believes that there are no significant subsequent events since period end that may require disclosure or adjustment to these interim condensed consolidated financial statements.

**17. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The interim condensed consolidated financial statements for the period ended 31 October 2023 were approved by the Audit Committee authorized by the Board of Directors on 28 Jumada I 1445 AH, corresponding to 11 December 2023.