



ATAA EDUCATIONAL COMPANY
(A Saudi Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS AND THE
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 JULY 2026**

ATAA EDUCATIONAL COMPANY
(Saudi Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS AND THE INDEPENDENT AUDITOR'S
REPORT**
For the year ended 31 July 2026

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
ATAA EDUCATIONAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
RIYADH – KINGDOM OF SAUDI ARABIA

Opinion

We have audited the consolidated financial statements of **Ataa Educational Company** (“the Company”) and its subsidiaries (together “the Group”), which comprise the consolidated statement of financial position as at 31 July 2026 and the consolidated statement of profit or loss, 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 31 July 2026 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting 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 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 International Code of Ethics for Professional Accountants that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements and we have fulfilled our ethical responsibilities in accordance with these 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 for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. The following is a description of the key audit matters and how to address them:

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters (Continued)

Key audit matters	How our audit addressed the key audit matter
1- Revenue Recognition The Group's net revenues for the year ended 31 July 2026 amounted to SAR 661.3 million (31 July 2025: SAR 640.8 million) and government subsidies income amounted to approximately SAR 7.7 million (31 July 2025: SAR 8.8 million) Revenues are one of the key indicators for measuring performance and this results in inherent risks in the revenue recognition process. Revenues from tuition fees, bus subscriptions and employment income are recognised on a net basis after any discounts and deductions, together with government subsidies income. Given the materiality of the recorded revenue value as well as the inherent risks in the revenue recognition process, revenue recognition was considered a key audit matter. Refer to material accounting policy information in Note (3-25) for revenue recognition policy, and Notes (22), (23) and (32) for more detail of revenue recognition.	Our audit procedures included, among other things, the following based on our judgment: - Assessing of the appropriateness of the Group's revenue recognition policy based on IFRS 15 "Revenue from contracts with customers". - Evaluation of the design and implementation of the internal control systems related to management procedures over revenue recognition, discounts and government grants. - Testing on a sample basis the revenue transactions, recorded government grants and discounts grants to students and comparing them with the supporting documents to verify the recorded revenue. - Perform substantive analytical procedure on tuition fees revenues based on the number of students and approved fee for the educational process to assess the reasonableness of the revenue amount. - Inquires with management representatives and those charged with governance regarding their awareness of fraud risks and whether there were actual instances of fraud. - We assessed the adequacy of disclosures used in the consolidated financial statements.
2- Goodwill impairment assessment The consolidated financial statements include goodwill amounting to Saudi Riyals 535.5 million as at 31 July 2026 (31 July 2025: SAR 535.5 million), which represents the excess of the aggregate of the value of the consideration transferred, the amount of any non-controlling interest, the acquisition-date fair value of the acquirer's previously held equity interest in the acquire, over the net identifiable assets transferred to the Group. Goodwill is tested annually for possible impairment. The management performed a goodwill assessment by comparing the carrying amount of each cash generating unit ("CGUs") including goodwill, against its recoverable amount based on value-in-use. Value-in-use calculations, using discounted cash flow model through the use of cash flow projections based on financial budgets approved by management covering a period of five years.	We have performed the following procedures: We have obtained all impairment tests provided by management and performed following tests: - We analyzed the identification of the different CGU and assessed whether these were in line with our understanding of the business and consistent with the internal reporting system in the entity. Furthermore, we assessed the reasonableness of allocation of the goodwill to each identified CGU. - Evaluation of the design and implementation of the internal control relating to goodwill impairment assessment.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters (Continued)

Key audit matters	How our audit addressed the key audit matter
2- Goodwill impairment assessment (Continued)	
Based on management's assessment of impairment, there is no impairment of goodwill. The Group's value in use calculation used in the goodwill impairment assessment for CGUs includes significant judgments, assumptions and estimates from management regarding cash flow projections, long-term growth rates and discount rates, and is highly sensitive to changes in these assumptions, and thus was considered as a key audit matter. Please refer to the material accounting policy information No. (3-7), (3-9) and (3-11) for the policy of goodwill and goodwill impairment and note No. (8) that includes disclosures related to goodwill and impairment assessment of goodwill.	• We involved our experts to assess the reasonableness of the value in use calculations and the key assumptions, including cash flow projections, discount rates used and ensures that management follows a reliable mechanism for estimating cash flows. • We tested the input data used in the value in use calculation on a sample basis and reviewed the mathematical accuracy of the calculation, we also compared key assumptions with previous actual results. • We assessed the adequacy of disclosures used in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's annual report but does not include the consolidated financial statements and our auditor's report thereon. The Group's 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 do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Group's annual report, when it is made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's Bylaws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements (Continued)

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

Those charged with governance, i.e. the 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 judgement 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT (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's consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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.

RSM Allied Accountants Professional Services



Mohammed Abdulmajeed Mohandes
License No 564

Riyadh, Kingdom of Saudi Arabia
3 Rabi'II 1448H (corresponding to 14 September 2026)



ATAA EDUCATIONAL COMPANY

(Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 31 July 2026**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	31 July 2026	31 July 2025
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	960,728,132	901,246,071
Right-of-use assets	6-B	401,011,665	393,924,121
Intangible assets	7	18,946,222	21,091,569
Goodwill	8	535,544,389	535,544,389
Deferred tax assets	21-3	69,307	-
Total Non-Current Assets		1,916,299,715	1,851,806,150
Current Assets			
Inventory		8,331,070	4,372,031
Prepaid expenses and other current assets	10	69,171,138	94,629,576
Due from related parties	11-2	96,158	-
Trade receivables	9	115,166,539	92,892,368
Cash and cash equivalents	12	41,357,269	63,168,420
Total Current Assets		234,122,174	255,062,395
TOTAL ASSETS		2,150,421,889	2,106,868,545
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	420,872,150	420,872,150
Share premium	13-1	276,786,861	276,786,861
Other reserves	14	-	51,060,154
Actuarial reserve		(24,686,743)	(18,690,989)
Retained earnings		151,202,562	97,495,930
Equity Attributable to Shareholders of the Parent Company		824,174,830	827,524,106
Non-Controlling Interest		58,426,838	60,332,799
TOTAL EQUITY		882,601,668	887,856,905
LIABILITIES			
Non-Current Liabilities			
Borrowings and Islamic Murabaha	16-2	488,636,392	479,186,715
Lease liabilities	6-B	432,184,986	419,469,922
Deferred government subsidy income	17	-	216,844
Employees' benefits obligations	18-2	68,639,680	61,132,331
Deferred tax liabilities	21-3	-	29,553
Total Non-Current Liabilities		989,461,058	960,035,365
Current Liabilities			
Borrowings and Islamic Murabaha	16-2	170,857,265	146,918,295
Lease liabilities	6-B	38,425,733	43,636,695
Deferred government subsidy income	17	216,845	211,329
Tuition fees collected in advance	19	41,042,588	34,877,811
Accrued expenses and other current liabilities	20	18,105,995	22,345,343
Due to related parties	11-3	-	4,666,658
Trade payables		6,785,725	3,679,145
Zakat and income tax provision	21-2	2,925,012	2,640,999
Total Current Liabilities		278,359,163	258,976,275
TOTAL LIABILITIES		1,267,820,221	1,219,011,640
TOTAL EQUITY AND LIABILITIES		2,150,421,889	2,106,868,545

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 38 form an integral part of these consolidated financial statements

ATAA EDUCATIONAL COMPANY

(Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS**For the year ended 31 July 2026**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	31 July 2026	31 July 2025
Profit or loss			
Revenues, net	22/32	661,274,794	640,768,314
Government subsidies income	23/32	7,669,653	8,827,881
Cost of revenues	24/32	(451,902,223)	(449,632,269)
Gross profit		<u>217,042,224</u>	<u>199,963,926</u>
Marketing expenses	25	(7,393,890)	(5,587,606)
General and administrative expenses	26	(55,936,474)	(53,451,442)
Expected credit loss expenses	9	(2,218,037)	(12,703,659)
Impairment of prepaid expenses and other current assets		(3,427,884)	-
Other income, net	27	<u>11,939,903</u>	<u>19,548,066</u>
Profit from operations		<u>160,005,842</u>	<u>147,769,285</u>
Interest income from bank deposits		1,866,557	320,905
Finance costs	28	<u>(61,001,876)</u>	<u>(60,823,136)</u>
Profit for the year before zakat and income tax		<u>100,870,523</u>	<u>87,267,054</u>
Zakat expense	21-2	(2,913,071)	(2,567,145)
Reversal / (charge) of defferd tax	21-3	<u>98,860</u>	<u>(29,553)</u>
Net profit from continuing operations		<u>98,056,312</u>	<u>84,670,356</u>
Net losses from discontinued operations	33	-	(3,288,092)
Net profit for the year		<u><u>98,056,312</u></u>	<u><u>81,382,264</u></u>
Net profit for the year attributable to:			
Shareholders of the parent company		97,342,712	82,804,702
Non-controlling interest		<u>713,600</u>	<u>(1,422,438)</u>
		<u><u>98,056,312</u></u>	<u><u>81,382,264</u></u>
Basic and diluted earnings per share:			
Basic and diluted earnings per share as per net profit for the year attributable to Shareholders of the parent company	29	<u>2.31</u>	<u>1.97</u>

Chief Financial Officer

Adel Nader Desouki

Chief Executive Officer

Fahd bin Abdulaziz Al-Tuwaijri

Chairman

Tariq bin Othman Al-Qasabi



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ATAA EDUCATIONAL COMPANY

(Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For the year ended 31 July 2026**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	31 July 2026	31 July 2025
Net profit for the year		98,056,312	81,382,264
Other comprehensive loss			
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss:</i>			
Re-measurement of employees' benefit obligations	18-2	(6,226,265)	(4,120,860)
Total other comprehensive loss for the year		(6,226,265)	(4,120,860)
Total comprehensive income for the year		<u>91,830,047</u>	<u>77,261,404</u>
Total comprehensive income for the year attributable to:			
Shareholders of the parent Company		91,346,958	78,811,795
Non-controlling interest		483,089	(1,550,391)
		<u>91,830,047</u>	<u>77,261,404</u>

Chief Financial Officer

Adel Nader Desouki

Chief Executive Officer

Fahd Bin Abdulaziz Al-Tuwaijri

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ATAA EDUCATIONAL COMPANY

(Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 July 2026

(All amounts in Saudi Riyals unless otherwise stated)

	Attributable to the Shareholders of the parent Company					Total	Non-Controlling Interest	Total Equity
	Share Capital	Share Premium	Other Reserves	Actuarial Reserve	Retained Earnings			
Balance as of 1 August 2024	420,872,150	276,786,861	51,060,154	(14,698,082)	67,300,247	801,321,330	63,774,390	865,095,720
Net profit for the year	-	-	-	-	82,804,702	82,804,702	(1,422,438)	81,382,264
Total other comprehensive loss for the year (Note 18-2)	-	-	-	(3,992,907)	-	(3,992,907)	(127,953)	(4,120,860)
Total comprehensive income for the year	-	-	-	(3,992,907)	82,804,702	78,811,795	(1,550,391)	77,261,404
Dividends (Note 15)	-	-	-	-	(52,609,019)	(52,609,019)	(1,911,200)	(54,520,219)
The shares of non-controlling interest of investments in subsidiary's companies	-	-	-	-	-	-	20,000	20,000
Balance as of 31 July 2025	420,872,150	276,786,861	51,060,154	(18,690,989)	97,495,930	827,524,106	60,332,799	887,856,905
Balance as of 1 August 2025	420,872,150	276,786,861	51,060,154	(18,690,989)	97,495,930	827,524,106	60,332,799	887,856,905
Net profit for the year	-	-	-	-	97,342,712	97,342,712	713,600	98,056,312
Total other comprehensive loss for the year (Note 18-2)	-	-	-	(5,995,754)	-	(5,995,754)	(230,511)	(6,226,265)
Total comprehensive income for the year	-	-	-	(5,995,754)	97,342,712	91,346,958	483,089	91,830,047
Dividends (Note 15)	-	-	-	-	(94,696,234)	(94,696,234)	(2,389,050)	(97,085,284)
Transferred to retained earnings (Note 14)	-	-	(51,060,154)	-	51,060,154	-	-	-
Balance as of 31 July 2026	420,872,150	276,786,861	-	(24,686,743)	151,202,562	824,174,830	58,426,838	882,601,668

Chief Financial Officer

Adel Nader Desouki

Chief Executive Officer

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Chairman

Tariq Bin Odhman Al-Qasbi

The accompanying notes 1 to 38 form an integral part of these consolidated financial statements

ATAA EDUCATIONAL COMPANY
(Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 July 2026

(All amounts in Saudi Riyals unless otherwise stated)

	Note	31 July 2026	31 July 2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from continuing operations before zakat and income tax		100,870,523	87,267,054
Loss from discontinued operations	33	-	(3,288,092)
		100,870,523	83,978,962
Adjustments to reconcile net profit for the year before zakat and income tax to net cash generated from operating activities:			
Depreciation of property, plant and equipment	5	39,567,767	35,398,928
Gains on disposal of property, plant and equipment	27	(418,376)	-
Gains from the disposal of non-current assets held for sale	27	-	(2,522,960)
Amortization of intangible assets	7	2,145,347	3,055,428
Impairment in intangible assets	7	-	2,438,240
Depreciation of right-of-use assets	6-B	43,835,540	47,211,861
Adjustments on lease liabilities	6-B	-	(45,653)
Gains on derecognition of lease liabilities	27/33	-	(1,411,808)
Provision for expected credit loss	9	2,218,037	12,703,659
Impairment of prepaid expenses and other current assets	10	3,427,884	-
Gains from disposal of discontinued operations	33	-	(2,765,454)
Finance costs	28/33	61,001,876	62,232,020
Deferred Government subsidies income	17	(211,328)	(276,424)
Current service cost of Employees' benefits obligations	18-2	8,439,452	8,745,743
		260,876,722	248,742,542
Changes in operating assets and liabilities:			
Inventory		(3,959,039)	1,629,052
Prepaid expenses and other current assets		(6,159,133)	(10,937,344)
Due from related parties		(96,158)	1,197,314
Trade receivables		(24,492,208)	(15,574,659)
Tuition fees collected in advance		6,164,777	(24,676,291)
Accrued expenses and other current liabilities		(6,880,102)	(5,880,543)
Due to related parties		(4,666,658)	287,972
Trade payables		3,106,580	(6,464,992)
Cash generated from operating activities		223,894,781	188,323,051
Employees' benefits obligations paid	18-2	(10,137,563)	(12,446,237)
Zakat paid	21	(2,629,058)	(3,338,070)
Net cash generated from operating activities		211,128,160	172,538,744
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to purchase property, plant and equipment		(94,403,195)	(82,345,410)
Proceeds from sale of property, plant and equipment		635,642	-
Proceeds from sale of a cash generating unit		30,000,000	10,300,898
Proceeds from sale of non-current assets held for sale		-	39,000,000
Payments to purchase intangible assets		-	(1,100,843)
Net cash used in investing activities		(63,767,553)	(34,145,355)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings and Islamic Murabaha	16	209,371,856	407,104,661
Repayments of borrowings and Islamic Murabaha	16	(175,896,413)	(408,386,668)
Finance costs paid	16	(42,702,295)	(41,178,936)
Dividends Paid		(97,085,284)	(54,480,499)
Lease liabilities paid	6-B	(62,859,622)	(63,883,396)
Net cash used in financing activities		(169,171,758)	(160,824,838)
Net Change in cash and cash equivalents		(21,811,151)	(22,431,449)
Cash and cash equivalents at beginning of the year		63,168,420	85,599,869
Cash and cash equivalents at end of the year	12	41,357,269	63,168,420
Non-Cash Transactions	34		

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 38 form an integral part of these consolidated financial statements

ATAA EDUCATIONAL COMPANY

(Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2026

(All amounts in Saudi Riyals 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 and The unified national number 7012408725 dated 10 Rabi' I 1424H corresponding to 11 May 2003, as Saudi Joint Stock Company under the Ministerial Resolution No. (71/Q) on 10 Rabi' I 1431H corresponding to 24 February 2010.

On 29 Thul-Qi'dah 1440H 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 2019 after obtaining the approval of the Capital Market Authority in Kingdom of Saudi Arabia.

The Company is principally engaged in the establishment, ownership, management, operation and formation of private 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 existing schools and educational and training facilities, and developing and managing them 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 by-laws.

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

(A) Ataa Educational Company's branches

<u>Branch Name</u>	<u>National number</u>
Al-Rowad Private Schools	7013060186
Ataa Al-Rowad Private Schools Company	7041083739
Middle East International School Company	7004233982
New Middle East International School Company	7013633164
Al-Rowad Private Schools Company	7003769358
Middle East International School Company	7014087220
Ataa Educational for Maintenance and Operation Company	7004329848
Al-Rowad Private Schools	7012111345
Modern Middle East International School Company	7013771576
Al-Rowad Private Schools	7013410704
Middle East International School	7036623135
Al-Rowad Private Schools Company	7012371873
Al-Rowad Private Schools	7018055025
Middle East International School Company	7013617456

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1- LEGAL STATUS AND ACTIVITIES (CONTINUED)

(B) The subsidiaries

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 July 2026</u>	<u>31 July 2025</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%
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%
Buckswood School Riyadh for Education Company (7)	KSA	LLC	80%	80%

- (1) Al 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 and Unified national number 7001532659 on 26 Rabi Al-Awwal, 1428H corresponding to 14 April 2007.

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

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.

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1- LEGAL STATUS AND ACTIVITIES (CONTINUED)

(B) The subsidiaries (continued)

- (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 and Unified national number 7001140669 on 25 Dhual-Hijjah 1429H 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.

- (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 and Unified national number 7003769358 on 19 Muharram 1432H 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 and Unified national number 7001870497 on 3 Rabi' Al-Thani 1427H 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' al-Akhir 1435H 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 and Unified national number 7001696355 on 26 Shawwal 1424H 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 at the Commercial registration No. 1010206103 and Unified national number 7001472690 in Riyadh on 18 Muharram 1426H corresponding to 27 February 2005.

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.

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 holding companies, holding industrial property rights to subsidiaries of holding companies and leasing industrial property rights to subsidiaries of holding companies.

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1- LEGAL STATUS AND ACTIVITIES (CONTINUED)

(B) The subsidiaries (continued)

(7) Buckswood School Riyadh for Education 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. 1009079975 and Unified national number 7041198578 on 26 Muharram 1446H corresponding to 1 August 2024.

2- BASIS OF PREPARATION AND MEASUREMENT

2-1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

The Group has elected to present a separate consolidated statement of profit or loss and a separate statement of comprehensive income, and to classify its expenses by function. The components of other comprehensive income represent items of gains and losses that have not yet been realized, and they are presented within the other comprehensive income section in the consolidated statement of comprehensive income. The Group reports cash flows from operating activities using the indirect method

2-2 Basis of measurement

The consolidated financial statements have been prepared on an accrual basis and a going concern basis, and on a historical cost basis, except for the following items in the consolidated statement of financial position:

- Employees’ benefits obligations measured at the present value of future obligations using the projected unit credit method.
- lease liabilities that are recognized at the present value of lease payments.
- Ministry of Finance borrowings that are recognized at the present value of future cash flows discounted using an appropriate market interest rate and subsequently measured at amortized cost using the effective interest rate method.

2-3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals (SAR), which is the Group's functional and presentation currency. Figures have been rounded off to the nearest SAR, unless otherwise stated.

2-4 Basis of consolidation

The consolidated financial statements include the financial statements of Ataa Educational Company and its branches and subsidiaries (the Group) for all periods presented, as applicable, i.e. after the acquisition of the subsidiary, as described in Note (1). The accounting policies applied by the subsidiaries are consistent with those adopted by the parent company.

The group does not include any special-purpose entities.

Subsidiaries are entities which are controlled by the Group. Control is achieved 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(All amounts in Saudi Riyals unless otherwise stated)

2- BASIS OF PREPARATION AND MEASUREMENT (CONTINUED)

2-4 Basis of consolidation (Continued)

In general, there is an assumption that a majority of voting rights leads to control. To support this assumption, 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 re-assesses 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 gains control until the date the Group ceases to control over subsidiary.

Profit or loss and each component of consolidated comprehensive income are attributable to shareholders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments if any, are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All inter-Group asset 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 gain or loss associated with the loss of control attributable to the former controlling interest.
- 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.

Balances, transactions, and unrealized income and expenses arising from intra-group transactions are eliminated when preparing the consolidated financial statements. Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that there is no evidence of impairment.

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3- MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied by the Group in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3-1 New standard and amendments issued and effective

The Group has adopted the following new standards and amendments for the first time in its consolidated financial statements for the financial year that began on 1 August 2025 and ended on 31 July 2026 (being the amendments effective for annual periods beginning on or after 1 January 2025)

Amendments to IAS 21 – Lack of Exchangeability

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

The adoption of the above amendment had no material impact on the Group's consolidated financial statements for the financial year ended 31 July 2026, being the Group's first annual period beginning after the effective date of the amendments, and the Group did not early adopt them in the prior.

3-2 Standards Issued but Not Yet Effective

The following new and amended standards and interpretations have been issued but were not yet effective as of the date of the Group's consolidated statement of financial position.

<u>Standard</u>	<u>Application date</u>
Amendments to IFRS (9) and IFRS (7): Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS (9) and IFRS (7): Contracts Referencing Nature dependent Electricity	1 January 2026
Annual improvements to IFRS accounting Standards	1 January 2026
IFRS (18): Presentation and Disclosure in Financial Statements – Replaces IAS (1) Presentation of Financial Statements	1 January 2027
IFRS (19) - Subsidiaries without Public Accountability: Disclosures	1 January 2027g
Amendments to IFRS (10) and IAS (28): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The effective date of this amendment is postponed indefinitely
Amendments to IAS (21): Translation to a Hyperinflationary Presentation Currency	1 January 2027

The group did not implement any standards, interpretations, or other amendments that were issued and not in effect early.

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-2 Standards Issued but Not Yet Effective (Continued)

Given that the Group's financial year begins on 1 August, amendments effective for annual periods beginning on or after 1 January 2026 apply to the Group from the financial year beginning 1 August 2026 and ending 31 July 2027, while standards and amendments effective from 1 January 2027 apply from the financial year beginning 1 August 2027 and ending 31 July 2028.

Management does not expect the amendments to IFRS 9 and IFRS 7 on the classification and measurement of financial instruments and on contracts referencing nature-dependent electricity, or the annual improvements to IFRS Accounting Standards, to have a material impact on the Group's consolidated financial statements, as the Group holds no financial instruments with sustainability-linked features and no nature-dependent electricity contracts, and its financial instruments are limited to cash and cash equivalents, receivables and payables, borrowings and lease liabilities measured at amortized cost.

The amendments to IAS 21 on translation to a hyperinflationary presentation currency are also not expected to have any impact on the Group, as its presentation currency (the Saudi Riyal) is not the currency of a hyperinflationary economy. IFRS 19 does not apply to these consolidated financial statements, as it is optional for subsidiaries without public accountability that prepare separate financial statements, whereas the Parent Company prepares consolidated financial statements available for public use.

Assessment of the impact of applying IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 replaces IAS 1 "Presentation of Financial Statements" and is effective for annual periods beginning on or after 1 January 2027. The Group will therefore apply it for the financial year ending 31 July 2028 retrospectively, with re-presentation of the comparative figures for the year ending 31 July 2027.

Based on management's preliminary assessment, the impact of the standard is expected to be confined to presentation and disclosure, with no impact on the recognition or measurement of items and therefore no impact on net profit for the year, total equity or earnings per share. A summary of the principal changes and their expected impact is set out below:

Change required by IFRS 18	Current presentation	Presentation under IFRS 18	Expected impact
Classification of income and expenses and mandatory subtotals	No mandatory categories	Operating, investing and financing categories	Presentation and disclosure only – no impact on net profit or equity
Disclosure of management-defined performance measures	No disclosure	Single note with reconciliation	Additional disclosure
Aggregation and disaggregation of items	Aggregated items	Additional disaggregation	Additional disclosure
Consequential amendments to IAS 7	Interest paid within financing activities	Interest paid within operating activities	Reclassification of 64,783,689 (2025: 66,222,746)

a) Classification of income and expenses in the consolidated statement of profit or loss

The standard requires income and expenses to be classified into three categories (operating, investing and financing), with two mandatory subtotals: "operating profit" and "profit before financing and zakat and income tax". Management has determined that the Group's main business activity is the provision of educational services, and that it does not invest in assets or provide financing to customers as a main business activity. Accordingly, the relevant items would be classified as follows:

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-2 Standards Issued but Not Yet Effective (Continued)

Item	Current presentation	Presentation under IFRS 18	31 July 2026	31 July 2025
Finance costs on borrowings and Islamic Murabaha and lease liabilities	Finance costs	Financing category	No impact	No impact
Income on bank deposits	Other income – operating category	Investing category	–	–
Income from operating leases of playgrounds and vacant spaces	Other income – operating category	Investing category	6,968,443	6,162,831
Interest paid – consolidated statement of cash flows	Financing activities	Operating activities	64,783,689	66,222,746

b) Management-defined performance measures

The standard requires disclosure in a single note of management-defined performance measures, reconciled to the most directly comparable subtotal specified by IFRS Accounting Standards, together with the effect of zakat and income tax and of non-controlling interests on each reconciling item. Management has determined that the only measure currently used in public communications outside the consolidated financial statements – including announcements on the Saudi Exchange (Tadawul), the Board of Directors' report and analyst presentations – is earnings before interest, zakat, tax, depreciation and amortization (EBITDA). This is not a measure specified by IFRS Accounting Standards and may not be comparable with similarly titled measures presented by other entities. Management considers that it provides useful information about operating performance before the effects of the financing structure, depreciation and amortization. Had the required reconciliation to operating profit been prepared for the current year, it would have been as follows:

Reconciliation of the reported measure to operating profit

	31 July 2026	31 July 2025
Operating profit (most directly comparable subtotal specified by IFRS Accounting Standards)	160,005,842	145,246,325
Add: depreciation of property, plant and equipment	39,567,767	33,754,452
Add: depreciation of right-of-use assets	43,835,540	44,175,926
Add: amortization of intangible assets	2,145,347	3,055,428
EBITDA the measure reported outside the consolidated financial statements	245,554,496	226,232,131

Comparative figures are presented on a continuing operations basis, and management is currently determining the effect of zakat and income tax and of non-controlling interests on each reconciling item in accordance with the requirements of the standard.

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-2 Standards Issued but Not Yet Effective (Continued)

Item presented under the label "other"	Current presentation location	Action required on application
Prepaid expenses and other current assets	Consolidated statement of financial position	Separate the material components and describe the nature of the remainder in the notes
Accrued expenses and other current liabilities	Consolidated statement of financial position	Separate the material components and describe the nature of the remainder in the notes
Other income, net	Consolidated statement of profit or loss	Disaggregate the sources of income (canteens, school uniforms, book sales and operating leases) and state the basis of gross or net presentation
Other operating income (foreign currency exchange gains and losses)	Notes	Separate foreign currency exchange gains and losses from the remaining operating items
Other reserves	Consolidated statement of financial position	Name the reserve and describe its components and the basis of movements therein
General and administrative expenses	Consolidated statement of profit or loss and the notes	Disaggregate the material items within the note

d) Aggregation and disaggregation of items

The standard requires items to be aggregated and disaggregated based on shared characteristics; it does not permit the use of non-descriptive labels such as "Other" for material items without disclosing their nature. Management has identified items currently labeled "Other" that require disaggregation or renaming upon implementation.

e) Consequential amendments to the consolidated statement of cash flows

The consequential amendments to IAS 7 include the use of operating profit as a single starting point under the indirect method and the removal of the presentation options for interest and dividends paid and received, which will result in the re-presentation of the consolidated statement of cash flows and its comparative figures. As the provision of financing is not one of the Group's main business activities, interest paid will be presented within operating activities rather than financing activities. The amounts to be reclassified and their effect, had the amendment been applied to the current year and comparative figures, are as follows:

Amounts reclassified from 2026	2025
financing activities to operating activities	
Finance costs paid on borrowings and Islamic Murabaha	41,178,936
Interest component of lease payments (Note 6)	25,043,810
Total	66,222,746

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-2 Standards Issued but Not Yet Effective (Continued)

Effect of the reclassification on the consolidated statement of cash flows	As presented 2026	According to IFRS 18 2026	As presented 2025	According to IFRS 2025
Net cash from operating activities	211,128,160	146,344,471	172,538,744	106,315,998
Net cash used in financing activities	(169,171,758)	(104,388,069)	(160,824,838)	(94,602,092)
Investing activities and net change in cash	No impact	No impact	No impact	No impact

f) Implementation plan

Management has commenced a detailed assessment to determine the quantitative impact on the presentation of the consolidated financial statements and the disclosures required, including amendments to the chart of accounts and financial system reports, and expects to complete the assessment before the mandatory application date.

3-3 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- It is held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current liabilities.

3-4 Foreign currency

Foreign currency transactions are translated into the functional currency based on the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, as well as from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the year-end, are recognized in the consolidated statement of comprehensive income.

Foreign exchange gains and losses related to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income under "Finance income or costs." All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income under "Other operating income."

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-5 Property, plant and equipment

Property and equipment are recognized initially at the cost of acquisition, including any directly attributable costs of bringing the assets to the location and condition necessary for them to operate in the manner intended by the Group's management. These assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The Group applies the cost model and does not apply the revaluation model to any class of property, plant and equipment.

When the major components of property and equipment have different useful lives, they are accounted for as separate items of property and equipment. Depreciation is charged to the consolidated statement of profit or loss and calculated using the straight-line method to allocate the costs of the related assets after deducting the residual values over the estimated useful lives of each item of property and equipment. The following are the estimated depreciation rates for the assets:

	<u>Years</u>
Buildings and improvements or the lease term, whichever is shorter	5-50
Electrical tools & equipment	4-10
Motor vehicles	5-10
Furniture & fixtures	4-10

Repair and maintenance costs are expensed to the consolidated statement of profit and loss. Repair and maintenance expenditures that significantly increase the value of assets or extend their useful lives are capitalized.

Depreciation method, residual value and useful lives estimates are reviewed annually.

An item of property and equipment and any significant parts that were originally recognized are derecognized at disposal or when no future benefits are expected from the use or disposal. Any gain or loss on the derecognition of an asset (which is calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) is included in the consolidated statement of profit or loss on derecognizing the asset. The carrying amount of an asset is reduced immediately to its recoverable amount if the carrying amount of the asset exceeds its estimated recoverable amount.

Capital works in process

Assets under construction or development are capitalized in capital works in process, then the cost of assets under construction or development is transferred to the appropriate category of property and equipment or intangible assets (depending on the nature of the project), upon bringing the asset to the site and/or the condition necessary to be able to operate in the manner intended by Management. The expenditures of capital works in process includes the acquisition price, the cost of construction / development and any other costs directly attributable to capital works originated or acquired under management's consideration. The expenditures associated with testing capital works in process items (before they are ready to use) are capitalized net of proceeds from the sale of any production during the test period. Capital works in process are not depreciated or amortized.

3-6 Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This is the case when the asset (or disposal group) is available for immediate sale in its present condition, the sale is highly probable, and management is committed to a plan of sale that is expected to be completed within one year from the date of classification.

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-5 Non-current assets held for sale and discontinued operations (Continued)

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses arising on the initial or subsequent write-down of the asset to fair value less costs to sell are recognized in the consolidated statement of profit or loss, and gains on any subsequent increase in fair value less costs to sell are recognized only to the extent of the cumulative impairment losses previously recognized.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. Such assets and their related liabilities are presented separately within current assets and current liabilities in the consolidated statement of financial position, and comparative figures in the consolidated statement of financial position are not re-presented.

An operation is a discontinued operation if it is a component of the Group that has been disposed of or classified as held for sale and represents a major line of business or a major geographical area of operations, or is part of a single co-ordinated plan to dispose of a major line of business or a major geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented as a single amount in the consolidated statement of profit or loss comprising the post-zakat and income tax profit or loss of the discontinued operation and the post-zakat and income tax profit or loss arising on its disposal, and comparative figures are re-presented on the same basis. Cash flows from operating, investing and financing activities relating to discontinued operations are disclosed in Note (33).

3-7 Intangible assets

Intangible assets are stated in the consolidated statement of financial position at cost less accumulated amortization and any accumulated impairment losses. They are recognized in the consolidated statement of profit or loss in the period in which the expenses are incurred.

The useful lives of intangible assets are estimated to be either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives. The estimated useful life and the amortization method are reviewed at the end of each financial year, with the effect of any changes in estimates accounted for on a prospective basis.

Intangible assets with indefinite useful lives are not amortized but are assessed annually for impairment. The useful life of an intangible asset that is not being amortized is reviewed annually to determine whether the indefinite useful life assessment continues to be supportable. The effect of a change in the useful life assessment from finite to indefinite is accounted for as a change in accounting estimates prospectively.

Computer software

Licenses of software acquired from other parties are initially recognized at cost. They are amortized on a straight-line basis over their estimated useful lives of 4 to 5 years.

Student List

The student list acquired by the Group from the acquisition of subsidiaries with finite useful life is measured at cost less accumulated amortization and any accumulated impairment losses.

Amortization is calculated to write off the cost of intangible assets less their estimated residual value on a straight-line basis over their estimated useful lives of 8 years and recognized in the consolidated profit or loss.

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

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-7 Intangible assets (Continued)

Franchise Rights

The franchise is the exclusive right to use the trademark within Kingdom of Saudi Arabia and is measured at cost at initial recognition. Subsequently, it is carried at cost less accumulated amortization and any accumulated impairment losses. The franchise is amortized based on straight-line method over the franchise agreement term, which is estimated to be 12 years.

Trademark

The trademark is measured at the acquisition of a subsidiary and is presented under intangible assets. The trademark is not amortized and is tested annually for impairment, or more frequently if events or changes in circumstances indicate a possible impairment. It is recorded at cost less any impairment losses.

Goodwill

Goodwill is measured initially at the acquisition of a subsidiary in accordance with the requirements of IFRS (3) Business Combinations and is presented as a separate item in the consolidated statement of financial position. Goodwill is not amortized and is tested annually for impairment, or more frequently if events or changes in circumstances indicate a possible impairment. It is recorded at cost less any impairment losses.

Goodwill is allocated to cash-generating units or groups of cash-generating units for impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units expected to benefit from the business combination that gives rise to goodwill.

If the recoverable amount of a cash-generating unit is less than its carrying amount, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit.

Any impairment loss on goodwill is recognized directly in the consolidated statement of profit or loss, and an impairment loss recognized for goodwill cannot be reversed in a subsequent period.

When a relevant cash-generating unit is disposed of, the amount of goodwill associated with it is included in determining the gain or loss on disposal.

3-8 The Group's leasing activities and how they are accounted for

The Group as a Lessee:

The Group leases several plots of land and buildings, typically under fixed-term leases, which may include extension options. The lease terms are negotiated individually and encompass a wide range of different terms and conditions. The lease agreements do not impose any covenants, except for security interests in the leased assets held by the lessor. However, the leased assets may not be used as collateral for borrowing purposes. For leases where the Group is the lessee, refer to Note 6.

The Group assesses whether a contract constitutes, or contains, a lease at the commencement of the contract. The Group recognizes right-of-use assets and corresponding lease liabilities for all lease agreements where the Group is the lessee, except for short-term leases (defined as leases with a duration of 12 months or less) and leases of low-value assets. For these leases, the Group records lease payments as operating expenses on a straight-line basis over the lease term, unless there is another systematic basis that more accurately reflects the timing pattern in which the economic benefits of the leased asset are consumed.

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-8 Leases (Continued)

When determining the lease term, management considers all facts and circumstances that provide an economic incentive to exercise an extension option or not to exercise a termination option. Extension options are included in the lease term only if the extension of the lease is reasonably certain. In determining the lease term, management generally takes into account several factors, including historical lease periods, costs, and business disruption required to replace the leased asset. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices.

The Group periodically reassesses the terms of short-term or low-value leases to ensure that they continue to meet the conditions for the exemption.

Lease liabilities

The lease liability is initially measured at the net present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the individual lessee, which does not have recent third-party financing, and
- makes adjustments specific to the lease, for example term, country, currency and security.

The lease liabilities include the present value of the following lease payments:

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

Lease payments made under reasonably certain extension options are also included in the measurement of the liability.

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

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

- The lease term changes or there is a change in the assessment of the exercise of a purchase option, in which 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 changes in expected payments under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the original discount rate (unless the lease payments change due to changes in floating interest rates, in which case the revised discount rate is used); the lease contract is adjusted and the adjustment is not considered a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-8 Leases (Continued)

Right-of-Use Assets

Right-of-use assets include the initial measurement of the corresponding lease liability, lease payments made on or before the commencement date, and any initial direct costs; they are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Right-of-use assets are 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 the Group's expectation of exercising a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts from the lease commencement date.

The Group applies IAS 36 "Impairment of Assets" to determine whether a right-of-use asset has suffered impairment and records any impairment losses.

Variable lease payments that do not depend on an index or rate are not included in the measurement of lease liabilities and right-of-use assets. Such payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

When the Group faces potential future increases in variable lease payments based on an index or rate, they are not included in lease liabilities until they become effective. When adjustments to lease payments based on an index or rate become effective, the lease liabilities are remeasured and adjusted against the right-of-use assets.

Lease payments are allocated between the principal portion and the cost of financing. The cost of financing is charged to profit or loss over the lease term so as to produce a constant periodic interest rate on the remaining balance of the liability for each period.

The Group as a Lessor:

The Group is a lessor, it determines, at the commencement of the lease, whether the lease is a finance lease or operating lease.

To classify each lease, the Group performs overall assessment whether lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers specific indicators such as whether the lease term is for the major part of the economic life of the underlying asset.

The initial measurement in case of finance leases: the Group uses the interest rate implicit in the lease to measure the net investment in the lease.

At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

- (a) fixed payments;
- (b) variable lease payments that depend on an index or a rate;
- (c) any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee; and
- (d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-8 Leases (Continued)

Upon subsequent measurement, the Group recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

The initial measurement in case of operating leases: The Group recognizes lease payments from operating leases as income on either a straight-line basis or another systematic basis. The Group applies another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Upon subsequent measurement, The Group applies IAS 36 to determine whether an underlying asset subject to an operating lease is impaired and to account for any impairment loss identified.

When the Group is an intermediate lessor, it calculates its interest in the head lease and sublease separately. Classification of the sublease is assessed by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease, the Group applies exemption, the sublease shall be classified as an operating lease.

If the arrangement includes lease and non-lease components, the Group allocates the consideration in the contract by applying IFRS 15 for allocation the consideration in the contract.

3-9 Business combinations

Business combinations are accounted for using the acquisition method upon transfer of control to the Group. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in the consolidated statement of profit or loss as incurred.

When the Group acquires a business, it assesses the identifiable assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value, with limited exceptions.

Goodwill is initially measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests of the acquiree, and the fair value at the acquisition-date of the acquirer's previously held interest of the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests of the acquiree and the fair value of the acquirer's previously held interest of the acquiree (if any), the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts recognized at the acquisition date, If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then a gain on bargain purchase at a differential price is recognized in the consolidated statement of profit or loss.

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-9 Business combinations (Continued)

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing for goodwill acquired from the business combination and from the date of acquisition, it will be allocated to cash-generating units ("CGU") that are expected to benefit from the consolidation regardless of whether the other assets or liabilities acquired have been allocated to those units.

If goodwill is not allocated to designated cash-generating units because of an incomplete initial calculation, the initial impairment loss will not be tested unless impairment indicators are available to enable the Group to allocate the carrying amount of the goodwill to the cash-generating units or the Group of cash-generating units expected to benefit from business combination. Where goodwill is allocated to the cash-generating unit and part of the operations of that unit are discontinued, goodwill associated with the discontinued operation will be included in the carrying amount when determining the gain or loss on discontinued operation. The goodwill in such circumstances is Measured on the basis of the value of a similar discontinued operation and the remaining portion of the cash-generating unit.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. The Group follows the proportionate share method in accounting for non-controlling interests in the consolidated financial statements. Other types of non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another relevant IFRS approved in Kingdom.

Any contingent consideration to be paid (if any) will be recognized at acquisition-date fair value and classified as equity or a financial liability. Contingent consideration classified as a financial liability is subsequently remeasured at fair value with the changes in fair value recognized in the consolidated statement of profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in the consolidated statement of profit or loss. Amounts arising from interests of the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to the consolidated statement of profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for the business combination is not completed by the end of the reporting period which constitutes the period in which the combination occurred, the Group presents the items whose value calculation has not been completed in a temporary manner in the consolidated financial statements. During the measurement period, which is not more than one year from the acquisition date, the temporary value recognized on the acquisition date is retroactively adjusted to reflect the information obtained about the facts and circumstances that existed at the date of acquisition and if it is determined that, this will affect the measurement of amounts recognized as of that date. During the measurement period, the Group recognizes additional assets or liabilities if it obtains new information about facts or circumstances that existed at the acquisition date and if it is determined that, this would result in assets or liabilities being recognized as of that date. The measurement period ends when the Group obtains the information it was seeking about the facts and circumstances that existed at the acquisition date, or when it believes that more information is not obtainable.

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-10 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability will take place either:

- In the principal market for the asset or liability, or
- In the most advantageous market for the asset or liability in the absence of a principal market.

The principal or most advantageous market must be accessible by the Group. The fair value of an asset or liability is measured using the assumptions that market participants use when pricing the asset or liability, assuming that market participants act in their best economic interests.

The fair value measurement of a non-financial asset considers the ability of market participants to provide economic benefits by using the asset for the highest and best value, or by selling it to another market participant for the highest and best value.

The Group uses valuation techniques that are appropriate to circumstances and conditions and have sufficient data to measure fair value, maximize the use of relevant observable inputs, and minimize the use of unobservable inputs substantially.

All assets and liabilities whose fair values are measured or disclosed at their fair values in the consolidated financial statements are categorized within the fair value hierarchy set out below based on the lowest level inputs that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.
- Level 2: valuation techniques in which the lowest level of significant inputs is used for the fair value measurement and can be observable either directly (i.e., prices) or indirectly (i.e., derived from prices).
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (unobservable inputs) For assets and liabilities recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting period. The Group determines policies and procedures for both recurring fair value measurements and non-recurring fair value measurements..

At each reporting date, The Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset or liability with other external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-11 Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives are not amortized but are tested annually for impairment, or more frequently if there are indications, events, or changes in circumstances that may suggest a potential impairment. Other assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount, which is the higher of the asset's fair value less costs to sell or its value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which separately identifiable cash flows exist that are largely independent of the cash flows from other assets or asset groups (cash-generating units). Non-financial assets, other than goodwill, that have previously been impaired are reviewed for possible reversal of the impairment at the end of each reporting period.

In each reporting period, the group assesses whether there is any indication that an asset may be impaired. Indicators of impairment include, but are not limited to, a significant decline in market value, changes in the operating environment, or poor financial performance of the asset or cash-generating unit. If any indicator exists, or when an annual impairment test of the asset is required, the group estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of expected future cash flows. It is determined for an individual asset unless the asset does not generate cash inflows largely independent of other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

When estimating value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When determining fair value less costs of disposal, recent market transactions are taken into account. If such transactions cannot be identified, an appropriate valuation model is used, such as valuation multiples (including earnings multiples), publicly traded share prices of subsidiaries, or other available indicators of fair value.

The Group bases its calculation of impairment on detailed budgets and operating plans, which are prepared separately for each of the Group's cash-generating units to which the individual assets are distributed. These operating budgets and plans generally cover a period of five years. The long-term growth rate is calculated and applied to the project's future cash flows after the fifth year.

For assets, excluding goodwill, an assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses no longer exist or have decreased. When such an indication exists, the Group estimates the recoverable amount of the asset or cash-generating unit. Impairment losses are reversed so that the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized on the asset in prior years. This reversal is recognized in the consolidated statement of profit or loss.

3-12 Inventory

Inventory consists of textbooks, stationery and school uniforms. Inventory is valued at the lower of cost and net realizable value, and cost is determined on a weighted average basis. The realizable value is the difference between the estimated selling price in the normal course of business, less the estimated costs of completion and expenses to complete the sale.

The cost of inventory includes all costs associated with its purchase, including shipping fees, customs duties, and direct expenses related to bringing it to its current location.

The Group reviews the carrying amount of inventory on a regular basis. When necessary, inventory is written down to their net realizable value or provision is made for obsolescence if there is a change in the usage pattern or physical form of the related inventory.

Management estimates the net realizable value of inventory, considering the most reliable evidence at the time the estimates are used and making a provision for obsolete inventory. These estimates consider changes in demand for goods, technological changes, and fluctuations in quality and prices. Accordingly, the Group considers these factors in calculating the provision for obsolete, slow moving and obsolete inventory.

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-13 Trade receivables

Amounts due from parents for providing education services, amounts due from government entities contracted with to provide recruitment services, and amounts due from the private sector and individuals for providing training services are in the normal course of the Group's activities and do not carry interest. If the credit exceeds the normal credit terms, receivables are measured at amortized cost using the effective interest method. At the end of each reporting period, the carrying amounts of accounts receivable and other receivables are reviewed for any objective evidence that the amounts are not recoverable. In this case, impairment loss is recognized immediately in the consolidated statement of profit or loss.

The Group writes off trade receivables when there is no reasonable expectation of recovery. Trade receivables consist principally of amounts due from parents, government entities and the private sector. The Group does not consider that it has, as at the reporting date, any significant concentration of credit risk with a single customer or a group of customers with similar credit risk characteristics.

3-14 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, cash in current accounts, deposits with banks and other short-term highly liquid investments with original maturities of three months or less from the date of acquisition that are readily converted into cash amount, are subject to limited risk and available for the Group.

Short-term returns are recognized as Interest income from bank deposits in the consolidated statement of profit or loss in accordance with the accrual basis.

3-15 Financial Instruments

Financial assets

(1) Classification

The Group's financial assets are classified and measured under the following categories:

- Fair value
- Amortised cost

These classifications are on the basis of business model of the Group for managing the financial assets, and contractual cash flow characteristics.

The Group measures financial assets at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and 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.

For assets measured at fair value, gains and losses will either be recorded in the consolidated statement of profit or loss or other comprehensive income.

(2) Recognition and derecognition

At initial recognition, the Group measures financial assets at fair value and, in the case of financial assets not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset are added. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of profit or loss.

The Group derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-15 Financial Instruments (Continued)

(3) Measurement

The subsequent measurement of financial assets is as follows:

Amortized cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income, if any, from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the statement of profit or loss and other comprehensive income and presented in other operating income - net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

Equity instruments:

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of profit or loss following the de-recognition of the investment. Dividends from such investments continue to be recognized in statement of profit or loss and other comprehensive income as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other operating income in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

Financial liabilities

All financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using the effective interest rate method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

Offsetting financial assets and liabilities

Financial assets and liabilities are off-set and net amounts are reported in the consolidated financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the assets and liabilities simultaneously.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its financial assets carried at amortized cost.

For trade and retention receivables and contract assets, the Group applies the simplified approach as permitted by IFRS 9 'Financial Instruments', which requires expected lifetime losses to be recognised from the initial recognition of the receivables. The amount of the loss is charged to profit or loss. The Group uses a provision matrix to determine its ECL provision but also applies specific provisions when factors other than simply the age of the debt are known to management that could impact the ability to recover the debt.

Trade and retention receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, significant decrease in credit worthiness of the customer, the failure of the customer to engage in a repayment plan with the Group, or a failure to make contractual payments for a period of greater than 365 days past due.

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-16 Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issuance of new shares are presented within equity as a deduction from the proceeds.

Treasury shares are recorded as a deduction from equity at the amount paid by the company to acquire them, including any directly attributable transaction costs incurred.

3-17 Cash dividends and non-cash dividends to shareholders

Cash or non-cash dividends to shareholders are recognized as liabilities upon approval of the distribution, and according to the Regulations for Companies in Kingdom of Saudi Arabia, dividends are approved when confirmed by the shareholders. Dividends are deducted immediately from equity and recognized as a liability.

3-18 Borrowings and Islamic Murabaha

Borrowings are initially recognized at fair value, net of any transaction costs incurred, and are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the amount repayable is recognized in the consolidated statement of profit or loss over the life of the loan using the effective interest method. Borrowings are derecognized from the consolidated statement of financial position when the contractual obligation expires, is canceled, or matures. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

In the case of concessional or government-supported loans, they are recognized at fair value, and the difference between the nominal value and the fair value is recognized as a government grant.

When the terms of a borrowing are materially modified, the original liability is derecognized and a new liability is recognized.

3-19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are capitalized during the period necessary to complete and prepare the asset for its intended sale or use. Qualifying assets are those that necessarily require a long period to become ready for sale or intended use.

The group considers an asset to be qualified if it requires a significant period to prepare it for its intended use or sale.

If projects under construction are financed by general borrowings, the weighted capitalization rate is used to capitalize borrowing costs.

Investment income earned on temporary investments of specific borrowings that are delayed in expenditure on qualified assets is deducted from the capitalizable borrowing costs.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

The group ceases capitalization of borrowing costs when all the substantial activities necessary to prepare the qualifying asset for its intended use or sale are complete, or when development is suspended for a long period.

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-20 Government subsidies

Government subsidies are recognized when there is reasonable assurance that the subsidy will be received and that all associated conditions will be complied with. When the subsidy relates to an expense item, it is recognized as income on a regular basis over the periods that the Group intends to offset the costs being expensed.

When the subsidy is related to an asset, it is recognized as income in equal amounts over the expected useful life of the underlying asset.

When the Group receives non-cash subsidies, the asset and the subsidy are recorded at nominal value and transferred to the consolidated statement of profit or loss over the expected useful life of the asset based on the depreciation pattern of the asset's benefits in equal annual amounts. When borrowings or similar finance are granted by government or related institutions at an interest rate lower than the prevailing interest rate, the effect of these differential interest rates is considered a government subsidy and recorded under non-current liabilities in the financial position as deferred government subsidies.

3-21 Employee benefits

Short-term and Long-term Employee Benefits

The liability for employee benefits related to wages, salaries, annual leave, and sick leave is recognized in the period in which the related service is provided at an amount not discounted from the expected benefits payable for that service.

The measurement of liabilities for short-term employee benefits is at the undiscounted amount of expected benefits payable for the related service.

Liabilities for other long-term employee benefits are measured at the present value of the future cash flows expected to be paid by the Group related to the services provided by employees up to the reporting date.

Employee Termination Benefit Liabilities

The cost of providing benefits for defined benefit plans is determined using the projected unit credit method, with actuarial valuations performed at the end of each annual reporting period. Remeasurements, which consist of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding charge or credit in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are immediately reflected in actuarial reserves and are not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period in which the plan is amended. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are classified as follows:

- Service cost (which includes current service cost, past service cost, and gains and losses from curtailments and settlements).
- Net interest expense or income.
- Remeasurements.

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-21 Employee benefits (Continued)

Gains and losses from curtailments are accounted for as past service costs.

The employee termination benefit liabilities recognized in the statement of financial position represent the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The liability for termination benefits is recognized when the entity can no longer withdraw the offer of termination benefits and when the entity recognizes any related restructuring costs.

3-22 Provisions

A provision is recognized in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably estimated. When the effect is material, provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The discount unwinding is recognized as a financing cost in the consolidated statement of profit or loss.

3-23 Trade payables and other payables

Trade payables and other payables are liabilities to pay for goods and services acquired in the normal course of business from suppliers. Trade payables and other payables are classified as current liabilities if they are due to be settled within one year or less; otherwise, they are presented as non-current liabilities. Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

3-24 Contingent Liabilities

All contingent liabilities arising from past events that will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events, which are not wholly under the control of the Group, or all current liabilities arising from past events but not recognized due to the lack of probability that an outflow of resources embodying economic benefits will be required to settle the obligation.

Contingent liabilities are not recognized in the consolidated financial statements and are disclosed, including their nature, financial estimate, and uncertain events.

3-25 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from providing services in the normal course of the Group's activities, taking into account contractually determined payment terms. Revenue is recorded net of trade discounts, incentives and rebates.

Revenue is recognized when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group; and when specific criteria have been met for each of the Group's activities, as described below.

The Group recognizes revenue under IFRS 15 using the following five-steps model:

Step 1: Identify the contract with the customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each contract that must be met.

Step 2: Identify the performance obligations: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-25 Revenue recognition (Continued)

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for fulfilling each performance obligation.

Step 5: Revenue recognition: The Group recognizes revenue (or as) it fulfils a performance obligation by transferring a promised good or service to the customer under a contract.

Identify the contract with the customer

The Group performs a careful assessment of the terms and conditions of the contracts with its customers because the revenues are recognized only when the performance obligations of the contracts with the customers are fulfilled. Changes in the contract scope or price (or both) are considered a modification of the contract and the Group determines whether this change will be considered a new contract or as part of the current contract.

Identify the performance obligations

Once the Group identifies the contract with the customer, it evaluates the contractual terms and normal business practices to identify all contracted services and determine whether any of those contracted services (or a bundle of contracted services) will be treated as separate performance obligations.

Determine the transaction price

The Group determines the transaction price as the amount of consideration it expects to be entitled in exchange for. This includes an estimate of any variable consideration and the impact of a significant financing component (i.e., the time value of money) and the fair value of any non-cash consideration and the impact of any consideration paid or payable to a customer (if any). The variable consideration is limited to the amount for which there is a high probability of no significant reversal in the amount of accrued revenue recognized when the uncertainty associated with the variable consideration is subsequently resolved.

Consideration is determined based on the transaction price agreed with the customers and there are no other promises in the contract with customers that are identified as separate performance obligations that must be allocated a portion of the transaction price. When determining the transaction price for the services, the Group took into account the impact of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any) and concluded that such consideration amounts are not included in the transaction price.

Contract modifications, such as change orders, are considered as part of the current contract, with cumulative adjustments to revenue. For substantial contract modifications, a separate contract may be recognized, based on the management's assessment of the following factors:

- The contract scope increases due to the addition of promised goods or services and can be distinguished themselves; and
- The contract price increases by the compensation that reflects the entity's standalone selling prices for the additional promised goods or services and any appropriate adjustments to that price to reflect the conditions of the contract.

There were no substantial modifications to the contracts during the year ended 31 July 2026.

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-25 Revenue recognition (Continued)

Allocate the transaction price

When identifying the performance obligations and the transaction price, the transaction price is allocated to the performance obligations, which is usually proportionate to their standalone selling prices (i.e., on a relative standalone future selling price basis). When determining the standalone selling prices, the Group must use observable information, if any. If the standalone selling prices are not directly observable, the Group uses estimates based on reasonably available information.

Revenue recognition

The Group recognizes revenue in accordance with the terms and conditions contained in the contracts concluded with the customers to the extent that the performance obligations related to the contracts with customers are fulfilled by the Group by transferring control of a contracted service to the customer, which can be transferred over time period or at some point in time. When fulfilling a performance obligation over a time period, the Group determines the progress under the contract based on the input or output method, which works to measure the best completed performance to date. The specified method is applied consistently to similar performance obligations and in similar circumstances. The Group believes that it fulfills its performance obligations in its contracts with customers over time period for Education Segment, and at some point in time for Training and Recruitment Segments, and therefore it recognizes revenue when it fulfills its obligations under its contracts with customers.

The Group's accounting policies for revenue from contracts with customers are outlined below:

Tuition fees

Tuition fees revenue (for Education Segment) is recognized in the consolidated statement of profit or loss during the period of students' study and is stated net of discounts and exemptions. Revenue is recognized over time period.

Bus subscription

Revenue from bus subscription services is recognized in the consolidated statement of profit or loss over the period of the academic year for the students who subscribed to the service either one "one-way" route or two "round-trip" routes. Revenue is recognized over time period.

Training Services

Revenue from language, computer and other training courses is recognized when the training services are performed and completed. Revenue is recognized at some point in time.

Recruitment Services

Revenue from recruitment services is recognized when the beneficiary entity registers the employee in the social insurance scheme and after the employee's approval. Revenue is recognized at some point in time.

3-26 Expenses

Cost of revenue

All expenses are recognized on an accrual basis. Operating costs are recognized on a historical cost basis. The largest part of this item includes teachers and trainers' salaries and rents for educational buildings

Marketing expenses

Marketing expenses comprise of all marketing costs of educational, recruitment and training services by the Group, and include advertising expenses, marketing fees through electronic platforms, and fixed and digital billboards.

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-26 Expenses (Continued)

General and administrative expenses

General and administrative expenses comprise of the costs that are not necessarily part of the marketing expenses, cost of revenues, finance costs or zakat expenses.

3-27 Finance cost

The recognition of accrued finance cost to the lender for all financial liabilities measured at amortized cost is recognized using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument, or a shorter period, as appropriate, to the net carrying amount of the financial liability. Additionally, the cost of finance includes the time value of money for all recognized lease liabilities. The cost of finance is also recognized over time whenever a provision or liability is discounted to its present value.

3-28 Zakat and income tax

The Group is subject to zakat in accordance with the regulations of the Zakat, Tax, and Customs Authority in Saudi Arabia ("the Authority") and recognizes zakat liabilities in the consolidated statement of profit or loss for the current period. Any additional zakat liabilities related to assessments for previous years, if any, are calculated in the period when the final assessments are issued.

The Group is primarily liable for zakat only, and the reversal of timing differences, if any, is not expected to have a material impact on zakat amounts in the foreseeable future.

As of the year ended 31 July 2024, the Group prepared and submitted a consolidated zakat declaration for Ataa Educational Company and all its subsidiaries, which are 100% directly or indirectly owned.

Income tax is adjusted at the applicable tax rates to reflect changes in deferred tax assets and liabilities arising from temporary differences and unused tax losses. Deferred income tax is recognized in full, using the liability method, for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not recognized for temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred income tax is measured at the tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax assets are realized or the deferred tax liabilities are settled. Deferred tax assets are recognized only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-29 Value added tax

The expenses and assets are recognized net of VAT amount, except for:

- When the VAT incurred on the purchase of assets or services is not recoverable from the tax authorities, in this case VAT is recognized as part of the cost of purchasing the assets or expensed, if applicable, and/or
- When receivables and payables are stated including VAT amount

Net VAT recoverable from / or payable to the tax authorities is recorded as part of prepaid expenses and other current assets or accrued expenses and other current liabilities in the consolidated statement of financial position.

3-30 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- Profit attributable to the Group's shareholders, excluding any costs related to equity transactions other than ordinary shares.
- The weighted average number of ordinary shares outstanding during the financial year, adjusted for any stock-based compensation elements and excluding treasury shares.

Diluted earnings per share

The figures used to determine the basic earnings per share are adjusted for the diluted earnings per share, considering:

- The impact of interest after income tax and other finance costs associated with the dilution of potential common stock.
- The weighted average number of additional common stock that would have been outstanding assuming the conversion of all common stock is affected by the potential dilution.

3-31 Segment reporting

Operating segments are presented in a manner consistent with the internal reports provided to the chief operating decision maker. Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses related to transactions with other components of the Group. The operating results of segments are regularly reviewed by the CEO (the chief operating decision maker) to make decisions about the allocation of resources to the segment and to assess its performance, with separate financial information available for each segment.

The results of segments reported to the chief operating decision maker include items directly attributable to the segment, as well as items that can be reasonably allocated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4- MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these consolidated financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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 if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, management has made the following estimates and judgements, which are significant to the consolidated financial statements.

4-1 Significant judgments in applying the Group's accounting policies

In applying the Group's accounting policies, management has made the following judgments, which have a significant impact on the amounts recognized in the consolidated financial statements.

4-1-1 Going concern

The Group's management has made an assessment of the Group's ability to continue according to the principle of going concern, and it is convinced that the Group has sufficient resources to continue its business in the foreseeable future. In addition, the management does not have any fundamental doubts about the Group's ability to continue as a going concern. Therefore, the consolidated financial statements have been prepared on a going concern basis.

As of 31 July 2026, the group's current liabilities exceeded its total current assets by SAR 44.24 million (31 July 2025: SAR 3.91 million), mainly due to current balances of loans, Islamic Murabaha, lease liabilities, and tuition fees collected in advance totaling SAR 250.33 million (31 July 2025: SAR 225.43 million), Deferred revenue received in advance will be settled in future periods by satisfying the performance obligation through the delivery of educational services over the course of the 2026/2027 academic year, rather than through cash payments. Excluding contract liabilities of SAR 41.04 million (31 July 2025: SAR 34.88 million), the working capital deficit amounts to SAR 3.20 million (31 July 2025: surplus of SAR 30.97 million). Furthermore, the reporting date precedes the start of the academic year, which causes contract liabilities and trade receivables balances to be at their seasonal peak. Despite the working capital deficit, the Group generated operating cash inflows of SAR 211.13 million (31 July 2025: SAR 172.54 million). After deducting finance costs paid on loans, Islamic Murabaha facilities, and lease liabilities amounting to SAR 64.78 million, the net cash flow available after servicing finance costs amounts to approximately SAR 146.35 million, which indicates the Group's ability to meet its liabilities as they fall due. The Group's management closely monitors cash management and performs liquidity risk analysis, and the Group has complied with all financial covenants related to its banking facilities as at 31 July 2026, maintaining sufficient headroom within these covenants as disclosed in Note (31-6). The Group has prepared its cash flow projections for a period of not less than twelve months from the date of approval of these consolidated financial statements, based on a range of interest rate scenarios, given that 99.7% of its loans and Islamic Murabaha facilities carry variable interest rates, and is confident in its ability to address the working capital deficit. Accordingly, these accompanying consolidated financial statements have been prepared on a going concern basis.

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4-MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS(COUNTINUED).

4-1 Significant judgments in applying the Group's accounting policies (continued).

4-1-2 Depreciation method for property, plant and equipment and amortization method for intangible assets (except goodwill), and identification of significant components

Management exercises judgement in determining the depreciation and amortization method that reflects the expected pattern of consumption of the future economic benefits of the assets, and has concluded that the straight-line method is the most appropriate for all classes of property, plant and equipment and for intangible assets with finite useful lives. That judgement also extends to determining whether assets have significant components with different useful lives that require to be depreciated separately, and to determining whether an intangible asset has a finite or an indefinite useful life. The estimation of useful lives and residual values is addressed within the assumptions and estimation uncertainties in Note (4-2-4).

4-1-3 Determining the lease term with extension and termination options, the company as a lessee.

When determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension or termination option. The assessment is reviewed in case of a material event, or a material change in the circumstances that affect this assessment. During the current financial year, there was no material financial impact of reviewing the lease terms to reflect the effect of exercising the extension or termination options.

4-1-4 Classification of discontinued operations and non-current assets held for sale

Classifying a component of the Group as a discontinued operation, or classifying non-current assets or a disposal group as held for sale, requires management to exercise significant judgement as to whether the component represents a major line of business or a major geographical area of operations, or forms part of a single co-ordinated plan of disposal; whether the sale is highly probable and the asset is available for immediate sale in its present condition; and the extent to which the sale is expected to be completed within one year from the date of classification. That judgement affects the presentation of the results of the operation as a single amount in the consolidated statement of profit or loss and the re-presentation of comparative figures, the cessation of depreciation and amortization, and the separate presentation in the consolidated statement of financial position. Discontinued operations are disclosed in Note (33) and the related accounting policy in Note (3-6).

4-1-5 Acting as principal or agent and the basis of revenue presentation

Management exercises judgement in determining whether the Group acts as principal or as agent in providing the services ancillary to the educational activity, based on whether it controls the good or service before it is transferred to the student, which party bears inventory risk and responsibility for satisfying the performance obligation, and which party has discretion in establishing prices.

Management has concluded that the Group does not act as principal in respect of the cafeteria, school uniform and book-sale activities, as it leases the cafeteria sites and uniform outlets to external parties that themselves supply the goods, set their prices and bear their inventory risk, and the Group does not control those goods before they are transferred to the student. Accordingly, the consideration due to the Group from those activities is recognized net within other income, as consideration for granting the right of use and for providing arrangement services, rather than at the gross amounts collected from students.

Conversely, management has concluded that the Group acts as principal in respect of the school transportation services, as it contracts directly with parents and bears the primary responsibility for rendering the service and for determining its consideration. Accordingly, bus subscriptions are presented gross within revenue.

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4-MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

4-2 Assumptions and estimation uncertainties

The estimates made by management in applying the Company's accounting policies that have a material impact on the amounts recognized in the financial statements are as follows:

4-2-1 Goodwill-annual impairment assessment on goodwill

The impairment assessments on the group of CGUs to which goodwill has been allocated are carried out. The group of CGUs is determined based on acquisitions and mergers. The structure and groups of CGUs are annually assessed. Goodwill is annually assessed for impairment on each group of CGUs to which goodwill has been allocated. The discounted cash flow method is used for determining value in use.

The principal indicators used in the impairment assessment include assumptions for the growth rate and discount rates. Also refer to Note (8) for the sensitivity of these assumptions.

4-2-2 Expected future free cash flows

The expected free cash flows are based on current expectations and specific objectives set for a five-year period. These are determined for CGUs in setting external objectives and expectations based on information and observations for the industry such as macroeconomic indicators and market circumstances. All assumptions used are challenged in setting objectives and expectations based on management's best estimates and expectations, which are subjective by nature. They include expectations for revenue growth and EBIT.

4-2-3 Actuarial valuation of Employees' benefits obligations

The present value of retirement obligations depends on several factors that are determined using actuarial valuations that use several assumptions. The assumptions used in determining the net cost (income) of retirement include the discount rate. Any change in these assumptions will have an impact on the carrying amount of retirement obligations.

The Group determines the appropriate discount rate at each year-end, which is the interest rate used to determine the present value of estimated future cash flows expected for settlement of end-of-service obligations. While determining the appropriate discount rate, the Group takes into account the interest rates on high-quality corporate bonds, provided that the bonds term is consistent with the estimated period for Employees' benefits obligations

4-2-4 Useful lives and residual values of property, plant and equipment and intangible assets

As described in Note (3-5), the Group estimates the useful lives of property and equipment at the end of each annual reporting period. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates. This estimate is limited to the estimation of useful lives and residual values, whereas the judgement relating to the depreciation and amortisation method and the identification of significant components is addressed in Note (4-1-2).

4-2-5 ECL Provision

The Group uses a model to estimate lifetime ECL not credit-impaired and lifetime ECL credit-impaired based on the change in credit risk for the financial instrument. The Group uses the simplified approach using a provision matrix to measure ECL for parent and client receivables, which typically consist of a very large number of low balances. To measure ECL, receivables are grouped based on common credit risk characteristics and the periods in which they fall due. Historical loss rates are adjusted to reflect current and future information according to indications of macroeconomics that affect the ability of parents and clients to settle receivables.

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4-MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

4-2 Assumptions and estimation uncertainties (continued)

4-2-5 ECL Provision(continued)

Given the nature of the Group's activity, tuition fees accrue over the course of the academic year, and balances included within the "less than one year" category are not considered actually past due until the full academic year has elapsed, as their collection is linked to the student's enrolment for the following academic year. The Group has the right to withhold enrolment and to withhold the issuance of results and academic documents until settlement, which substantially limits the risk of non-collection on that category. Based on its historical collection experience and on the fact that those balances have not yet reached their final due date, management has concluded that the expected credit loss thereon is not material, and accordingly no loss rate has been applied to that category in the provision matrix, while loss rates are applied to the older categories for which a full academic year or more has elapsed.

4-2-6 Leases Discount rate

The Group cannot easily determine the implicit interest rate in leases, and therefore it uses the incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the interest that the Group would have to pay to borrow over a similar term and with a similar guarantee -the funds necessary to acquire an asset of similar value to the right-of-use asset in a similar economic environment- so the incremental borrowing rate reflects what the Group would have to pay and that requires an estimate when observable rates are not available or when it is required to be modified to reflect the lease terms and conditions. The Group estimates the incremental borrowing rate using observable input (e.g., market interest rates) when available and required to make the Group's estimates.

4-2-7 Zakat, income tax and uncertain zakat and tax positions

The calculation of the Zakat and income tax provision is subject to the regulations and instructions of the Zakat, Tax and Customs Authority (ZATCA), and requires the use of estimates and assumptions regarding the Zakat base and its deductible and addable items, as well as the interpretation of the relevant regulations and instructions, which may differ from the Authority's interpretation compared to that of management. As disclosed in Note (21-1), the Zakat assessment for the years ended 31 July 2021 through 31 July 2025 has been finalized, resulting in Zakat differences of SAR 786,542, against which the Group has filed an objection. This appeal remains under process as at the date of approval of these consolidated financial statements.

Management estimates the amounts potentially payable in respect of uncertain Zakat and tax positions based on its best estimate of the amount expected to be paid. The Zakat charge is calculated on the basis of the Zakat base or the adjusted accounting profit, whichever is higher, whereby the Group files a consolidated Zakat return covering the parent company and its 100%-owned subsidiaries, while three subsidiaries not wholly owned file separate Zakat returns. Accordingly, the consolidated Zakat base does not correspond to the profit before Zakat presented in the consolidated financial statements, and the Zakat charge recognized does not represent a direct percentage thereof. Additional provisions are recognized when it is probable that an obligation will be incurred and can be reliably measured. The results of final assessments may differ from the estimated amounts, and the impact of any differences is recognized in the period in which the final assessments are issued. Management has assessed the disputed Zakat differences amounting to SAR 786,542 and believes that its Zakat position in this regard is well supported, and that an outflow of cash resources is not probable. Accordingly, no additional provision has been recognized in this respect, and the matter has been disclosed as a contingent liability under Note (21-1).

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5- PROPERTY, PLANT AND EQUIPMENT

	<u>Lands</u>	<u>Buildings and building improvements</u>	<u>Electrical & Equipment</u>	<u>Tools</u>	<u>Motor Vehicles</u>	<u>Furniture & Fixtures</u>	<u>Projects Under Construction</u>	<u>Total</u>
Cost:								
As of 1 August 2024,	263,574,257	627,842,853	98,050,931		37,804,529	61,764,528	101,953,395	1,190,990,493
Additions during the year	-	546,173	16,879,952		-	5,232,461	64,618,620	87,277,206
Transferred from projects under construction during the year	-	111,738,428	-		-	-	(111,738,428)	-
Disposals during the year	(6,867,500)	(54,959,561)	(1,294,242)		(658,550)	(248,391)	(10,617,941)	(74,646,185)
As of 31 July 2025,	256,706,757	685,167,893	113,636,641		37,145,979	66,748,598	44,215,646	1,203,621,514
Additions during the year	-	4,080,812	17,355,925		-	6,020,897	71,809,460	99,267,094
Transferred from projects under construction during the year	-	64,310,327	1,277,810		-	-	(65,588,137)	-
Disposals during the year	-	(671,284)	(1,031,776)		(1,684,346)	(1,969,155)	-	(5,356,561)
As of 31 July 2026,	256,706,757	752,887,748	131,238,600		35,461,633	70,800,340	50,436,969	1,297,532,047
Accumulated Depreciation:								
As of 1 August 2024,	-	148,077,232	69,022,610		35,608,668	48,854,917	-	301,563,427
Charged for the year	-	19,702,962	11,470,951		377,044	3,847,971	-	35,398,928
Disposals during the year	-	(32,621,003)	(1,104,405)		(658,550)	(202,954)	-	(34,586,912)
As of 31 July 2025,	-	135,159,191	79,389,156		35,327,162	52,499,934	-	302,375,443
Charged for the year	-	20,303,232	14,937,131		327,508	3,999,896	-	39,567,767
Disposals during the year	-	(461,409)	(1,031,153)		(1,684,318)	(1,962,415)	-	(5,139,295)
As of 31 July 2026,	-	155,001,014	93,295,134		33,970,352	54,537,415	-	336,803,915
Net Book Value as of 31 July 2026	256,706,757	597,886,734	37,943,466		1,491,281	16,262,925	50,436,969	960,728,132
Net Book Value as of 31 July 2025	256,706,757	550,008,702	34,247,485		1,818,817	14,248,664	44,215,646	901,246,071

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5- PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- Depreciation is allocated for the year as follows:

	Note	31 July 2026	31 July 2025
Cost of revenue	24	38,899,372	33,144,922
General and administrative expenses	26	668,395	609,530
Depreciation of discontinued operations	33	-	1,644,476
		<u>39,567,767</u>	<u>35,398,928</u>

- There are land and buildings amounting to SAR 91.85 million (31 July 2025: SAR 135.20 million) pledged for certain credit facilities as described in Note (16).
- Projects under construction, amounting to SAR 50.4 million (31 July 2025: SAR 44.22 million), consist of development work on buildings within educational complexes, the construction of an educational complex in Al-Sulaymaniyah District in Riyadh. These projects are expected to be completed by the end of 2027, Note (30).

6- LEASES

A The Group's Leasing Activities and Measurement

The Group leases several buildings, primarily educational premises, with lease terms ranging from 2 to 35 years. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease agreements do not impose any covenants, but the leased assets cannot be used as security for borrowing purposes.

The Group does not have any leases classified as right-of-use assets that are variable in nature. Some leases contain non-cancellable extension options that the Group can exercise before the end of the lease term. Where possible, the Group seeks to include extension options in new leases to provide operational flexibility. Retained extension options can only be exercised by the Group. The Group assesses at lease inception whether it is reasonably certain to exercise the option. The Group does not provide residual value guarantees in respect of any of its leases.

B Amounts Presented in the Consolidated Statement of Financial Position

	31 July 2026	31 July 2025
Buildings	401,011,665	393,924,121
	<u>401,011,665</u>	<u>393,924,121</u>

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6- LEASES (CONTINUED)

B Amounts Presented in the Consolidated Statement of Financial Position (Continued).

RIGHT-OF-USE ASSETS(Continued)

	<u>31 July 2026</u>	<u>31 July 2025</u>
<u>Cost:</u>		
Right-of-use assets at beginning of the year	673,742,736	709,843,788
Additions during the year	417,395	33,672,768
Disposals during the year	(411,377)	(69,773,820)
Remeasurement of lease liabilities*	50,505,689	-
Balance at end of the year	<u>724,254,443</u>	<u>673,742,736</u>
<u>Accumulated Depreciation:</u>		
Balance at beginning of the year	279,818,615	255,155,027
Charged for the year	43,835,540	47,211,861
Disposals during the year	(411,377)	(22,548,273)
Balance at end of the year	<u>323,242,778</u>	<u>279,818,615</u>
Net Book Value	<u><u>401,011,665</u></u>	<u><u>393,924,121</u></u>

* During the year ended 31 July 2026, the Group remeasured its lease liabilities and made the corresponding adjustment to the right-of-use assets, as a result of changes in lease payments in accordance with the requirements of IFRS (16).

Lease liabilities for right-of-use assets

Lease liabilities details are presented in the consolidated statement of financial position as follows:

	<u>31 July 2026</u>	<u>31 July 2025</u>
Non-current lease liability	432,184,986	419,469,922
Current lease liability	38,425,733	43,636,695
	<u>470,610,719</u>	<u>463,106,617</u>

	<u>Note</u>	<u>31 July 2026</u>	<u>31 July 2025</u>
Lease liabilities as at beginning of the year		463,106,617	531,145,863
Remeasurement of lease liabilities		50,505,689	-
Additions during the year		417,395	33,672,768
Disposals during the year		-	(50,347,284)
Interest charged for the year	28/33	22,081,394	25,043,810
Paid during the year		(62,859,622)	(63,883,396)
Transferred to accrued lease payments		(2,640,754)	(8,479,491)
Transferred to due to related parties	11-3	-	(4,000,000)
Adjustments		-	(45,653)
		<u>470,610,719</u>	<u>463,106,617</u>

The discount rates applied range from 4.02% to 7.58%

Future undiscounted payments related to lease payments, please refer to Note (31-3).

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6- LEASES (CONTINUED)

C. Amounts recognized in consolidated statement of profits or loss are presented as follows:

	Note	31 July 2026	31 July 2025
Depreciation of right-of-use assets*		43,835,540	47,211,861
Interest charged for the year**		22,081,394	25,043,810
Low value rents	24	1,439,425	1,601,112

***Amortization is allocated for the year as follows:**

	Note	31 July 2026	31 July 2025
Cost of revenue	24	43,835,540	44,175,926
Depreciation of discontinued operations	33	-	3,035,935
		<u>43,835,540</u>	<u>47,211,861</u>

****Interest is allocated for the year as follows:**

	Note	31 July 2026	31 July 2025
Finance cost	28	22,081,394	23,645,654
Depreciation of discontinued operations	33	-	1,398,156
		<u>22,081,394</u>	<u>25,043,810</u>

The cash out flow of the lease contracts during the year SAR 62,859,622 (31 July 2025: SAR 63,883,396).

7- INTANGIBLE ASSETS

	31 July 2026	31 July 2025
Intangible assets with indefinite life*	14,285,426	14,285,426
Intangible assets with definite life**	<u>4,660,796</u>	<u>6,806,143</u>
	<u>18,946,222</u>	<u>21,091,569</u>

* Intangible assets with an indefinite useful life represent the value of the trademarks of Jeel Al Majd International Private Schools Company for Foreign Education and Al-Alsun International Private Schools Company. The balance is allocated between the trademark of Al-Alsun International Private Schools Company amounting to SAR 9,920,586 and the trademark of Jeel Al Majd International Private Schools Company for Foreign Education amounting to SAR 4,364,840. They arose entirely from business combinations, and there were no additions or disposals during the year ended 31 July 2026 or the year ended 31 July 2025, and accordingly the balance remained unchanged at SAR 14,285,426 at both reporting dates. Management has concluded that these trademarks have an indefinite useful life, as there is no foreseeable limit to the period over which they are expected to generate economic benefits, based on the continuity of the activity of the related schools and the renewability of their educational licences. These assets are not amortised; instead, they are tested for impairment annually and whenever there is any indication of impairment, at the level of the cash-generating units to which they belong, using the value-in-use basis and the principal assumptions set out in Note (8). The trademark of Al-Alsun International Private Schools Company is tested at the same time as the impairment test of the goodwill allocated to the same unit, whereas no goodwill has been allocated to the cash-generating unit of Jeel Al Majd International Private Schools Company for Foreign Education, and its trademark is therefore tested for impairment independently at the level of that unit. These tests did not result in any impairment loss in the year ended 31 July 2026 or the year ended 31 July 2025.

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7- INTANGIBLE ASSETS (CONTINUED)
**** Intangible assets with definite life**

31 July 2026	Student List	Franchise Rights	Computer Software	Total
Cost:				
Balance at the beginning of the year	12,343,682	12,107,104	4,889,319	29,340,105
Additions during the year	-	-	-	-
Balance at the end of the year	12,343,682	12,107,104	4,889,319	29,340,105
Accumulated Depreciation:				
Balance at the beginning of the year,	7,714,800	12,107,104	2,712,058	22,533,962
Charged for the year	1,542,960	-	602,387	2,145,347
Impairment (Note 24)	-	-	-	-
Balance at the end of the year	9,257,760	12,107,104	3,314,445	24,679,309
Net Book Value as of 31 July 2026	3,085,922	-	1,574,874	4,660,796

31 July 2025	Student List	Franchise Rights	Computer Software	Total
Cost:				
Balance at the beginning of the year	12,343,682	12,107,104	3,788,476	28,239,262
Additions during the year	-	-	1,100,843	1,100,843
Balance at the end of the year	12,343,682	12,107,104	4,889,319	29,340,105
Accumulated Depreciation:				
Balance at the beginning of the year	6,171,840	8,659,939	2,208,515	17,040,294
Charged for the year	1,542,960	1,008,925	503,543	3,055,428
Impairment (Note 24)	-	2,438,240	-	2,438,240
Balance at the end of the year	7,714,800	12,107,104	2,712,058	22,533,962
Net Book Value as of 31 July 2025	4,628,882	-	2,177,261	6,806,143

- **Amortization is allocated for the year as follows:**

	Note	31 July 2026	31 July 2025
Cost of revenue	24	1,542,960	2,551,885
General and administrative expenses	26	602,387	503,543
		2,145,347	3,055,428

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8- GOODWILL

Goodwill represents the excess of the transferred consideration, the amount of any non-controlling interests, and the fair value at the acquisition date of the previously held equity interest by the group in the acquired businesses over the net identifiable assets acquired and transferred to the group.

Goodwill was allocated to the Group's CGUs as follows:

	<u>31 July 2026</u>	<u>31 July 2025</u>
Orouba International Company for Educational Service	87,400,000	87,400,000
Amjad Qurtuba Educational Services Company*	70,427,040	70,427,040
Nabaa Educational Company*	70,410,615	70,410,615
Middle East International Schools**	66,600,000	66,600,000
Middle East Modern International Schools**	60,575,000	60,575,000
New Middle East International Schools**	53,375,000	53,375,000
Al-Rowad Schools, Al-Rawda Branch**	33,091,250	33,091,250
International Elm Schools Company	29,318,044	29,318,044
Al Rowad Schools, Al Rawabi Branch**	28,413,273	28,413,273
Alfiker Private School**	14,100,000	14,100,000
Sulaymaniyah International Private Schools**	14,000,000	14,000,000
Academic Company for Educational Services*	9,776,086	9,776,086
Jasmine International Company*	9,576,775	9,576,775
AL Nokhba Schools, Al-Kharj Branch	8,846,495	8,846,495
Alrowad Schools, Ishbilyah branch**	7,479,000	7,479,000
Al Wasat National Schools Company for Education and Training	6,638,475	6,638,475
Alrowad schools, Mansoura branch**	2,519,151	2,519,151
Al-Alsun International Private Schools Company*	1,119,185	1,119,185
	573,665,389	573,665,389
Goodwill reduction	<u>(38,121,000)</u>	<u>(38,121,000)</u>
	<u>535,544,389</u>	<u>535,544,389</u>

* These companies are subsidiaries of Arabian Education and Training Group Company "Holding" Company, which is 100% owned by Ataa Educational. (Note 1)

** These cash-generating units are the schools through which Ataa Educational Company carries out its activities directly through its branches; they are not subsidiaries and accordingly their names are not included in the list of subsidiaries set out in Note (1). The goodwill allocated to these units amounts in aggregate to SAR 280,152,674.

Impairment assessment on goodwill:

The Group's management performs an annual impairment test on goodwill to ensure there is no impairment and to determine whether the carrying amount of goodwill exceeds its recoverable amount. The recoverable amount for each cash-generating unit is determined based on its value in use, calculated using the discounted cash flow method, applying the information used in the expected business plans for the five-year period following the date of the consolidated financial statements and the related cash flows. The impairment test is performed by measuring the present value of future cash flows over a five-year period, based on reasonable and objective assumptions for estimating cash flow in accordance with the most recent budgets approved by management.

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8- GOODWILL (CONTINUED)

Impairment assessment on goodwill (Continued):

The following are the key assumptions used in estimating the recoverable amount.

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and are based on historical data from external and internal sources. The discount rate used for each cash-generating unit represents the pre-Zakat weighted average cost of capital, adjusted for the risks specific to that unit, and the variance in the disclosed range is attributable to differences in the size, operating stage, and occupancy rate of each unit. The 40 basis point decrease in the discount rate range compared to the prior year is attributable to a decrease in the risk-free rate of return used in the calculation. The terminal growth rate of 2.5% does not exceed the expected long-term average inflation rate in the Kingdom of Saudi Arabia.

	31 July 2026		31 July 2025	
	From	To	From	To
Discount Rate	10.3%	14.3%	10.7%	14.7%
Growth Rate	2.5%		2.5%	

Expected cash flows included certain estimates for a five-year period and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimates of the long-term compound annual growth rate of the profit before interest and depreciation, in line with the assumptions that a market participant may adopt.

Sensitivity of changes in assumptions

Management has analysed the sensitivity of the recoverable amount of each cash-generating unit to reasonably possible changes in the principal assumptions, by increasing the discount rate by 100 basis points, decreasing the terminal growth rate by 100 basis points, and reducing expected net operating cash flows by 10%. None of these scenarios – individually or in combination – resulted in the recoverable amount of any cash-generating unit falling below its carrying amount.

9- TRADE RECEIVABLES

	31 July 2026	31 July 2025
Accounts receivable	157,655,233	133,169,385
Less: provision for expected credit loss	(42,488,694)	(40,277,017)
	<u>115,166,539</u>	<u>92,892,368</u>

The Group's trade receivables mainly consist of amounts due from parents, government authorities, and the private sector companies. The Group's management monitors concentration ratios periodically to ensure that there are no significant risks associated with a specific customer or group of customers. As of 31 July 2026, and 2025, the Group had no concentration of customer balances.

The Group recognizes expected credit losses using the simplified approach.

Accounts receivable carry no interest.

Movement of provision for expected credit loss is as follows:

	31 July 2026	31 July 2025
Balance at beginning of the year	40,277,017	27,573,358
Charged for the year	3,056,012	12,860,504
Reversed during the year	(837,975)	(156,845)
Write off	(6,360)	-
Balance at end of the year	<u>42,488,694</u>	<u>40,277,017</u>

Information related to the provision for expected credit losses and the Group's exposure to credit risk is disclosed in Note (31-2)

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10- PREPAID EXPENSES AND OTHER CURRENT ASSETS

	<u>31 July 2026</u>	<u>31 July 2025</u>
Receivables arising from the disposal of a cash-generating unit	-	30,000,000
Prepaid expense	28,220,777	20,270,619
Advance payment to suppliers and contractors	15,935,680	16,522,914
Deferred finance cost	10,744,011	8,933,708
Clients of the administrative building and halls	4,664,599	5,428,684
Employee receivables**	3,586,810	4,940,993
Value Added Tax	5,133,830	3,109,401
Accrued revenue	1,639,691	2,895,863
Due to the old owners	3,443,272	1,767,723
Deposits to others	378,012	480,000
Others	241,815	1,689,079
Less: provision for impairment of prepaid expenses and other current assets	(4,817,359)	(1,409,408)
	<u>69,171,138</u>	<u>94,629,576</u>

Movement of provision for impairment on prepaid expenses and other current assets is as follows:

	<u>31 July 2026</u>	<u>31 July 2025</u>
Balance at beginning of the year	1,409,408	7,468,349
Transferred to inventory during the year *	-	(5,475,943)
Charged during the year	3,427,884	-
Used during the year	(19,933)	(582,998)
Balance at end of the year	<u>4,817,359</u>	<u>1,409,408</u>

* The transferred amount represents receivables from Al-Rashed International Company in respect of inventory of goods held as consignment by a third party.

** During the year ,advances and custody balances amounting to SAR 577,040 were written off during the year. The irrecoverability of these balances was identified during the current year and does not relate to the impairment balance at the beginning of the year; they were written off pursuant to a resolution of the Board of Directors and charged directly to general and administrative expenses.

Provision for impairment on prepaid expenses and other current assets is allocated as follows:

	<u>31 July 2026</u>	<u>31 July 2025</u>
Clients of the administrative building and halls	3,703,679	1,389,475
Employee receivables	1,113,680	19,933
	<u>4,817,359</u>	<u>1,409,408</u>

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11- RELATED-PARTY TRANSACTIONS AND BALANCES

Related-party transactions include rentals of educational complexes, expenses on behalf, salaries and remunerations and compensations and committees' allowances the and board members and key executives and management carried out between the Group and the related parties, and between the Group and board members and committees and key executives and management, and those transactions are carried out in the normal course of Group's activities. Significant related-party transactions and resulting balances are as follows:

11-1 Key transactions with related parties:

	Nature of Relationship	Nature of Transaction	Amount of Transaction	
			31 July 2026	31 July 2025
Dr. Ahmed bin Nasser Al-Miteb	Shareholder	Rentals of educational complexes	13,014,000	13,014,000
Fawzia Al Haqbani	Shareholder in subsidiary Company	Expenses on behalf	81,408	102,910
Hayat Al-Shahrani	Shareholder in subsidiary Company	Expenses on behalf	81,408	102,910
Kholoud Al-Issa	A related party	Payments on behalf	-	1,247,312

11-2 Due from related parties

	31 July 2026	31 July 2025
Fawzia Al Haqbani	24,699	-
Hayat Al-Shahrani	71,459	-
	96,158	-

Movement of provision for expected credit loss is as follows:

	31 July 2026	31 July 2025
Balance at beginning of the year	-	2,328,085
(Less) Expected credit loss	-	-
Write off	-	(2,328,085)
Balance at end of the year	-	-

11-3 Due to related parties

	31 July 2026	31 July 2025
Dr. Ahmed bin Nasser Al-Miteb*	-	4,600,000
Fawzia Al Haqbani	-	56,709
Hayat Al-Shahrani	-	9,949
	-	4,666,658

* As at 31 July 2026, the lease liabilities balance includes an amount due to Dr. Ahmed bin Nasser Al-Muteb of SAR nil (2025: SAR 4,000,000) (Note 6-b).

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11- RELATED-PARTY TRANSACTIONS AND BALANCES (CONTINUED)

11-4 Benefits, remunerations and compensation to key management and executives

	<u>31 July 2026</u>		<u>31 July 2025</u>	
	<u>BOD and committees'</u>	<u>Key management personnel</u>	<u>BOD and committees'</u>	<u>Key management personnel</u>
Remunerations and allowances for Board of Directors ("BOD") and committees'	2,069,409	-	3,025,300	-
Remunerations for key management personnel	-	1,712,000	-	1,609,740
Salaries and benefits for key management personnel	-	5,578,267	-	5,226,767
	<u>2,069,409</u>	<u>7,290,267</u>	<u>3,025,300</u>	<u>6,836,507</u>

11-5 Terms and conditions of transactions and balances with related parties

Transactions with related parties are carried out on terms approved by the Group's management. Balances outstanding at the year end are unsecured, interest free and settled in cash, and no guarantees have been given or received in respect of them. No expected credit loss provision has been recognized against amounts due from related parties other than as disclosed in Note (11-2). The necessary statutory approvals for these transactions have been obtained in accordance with the Companies Law and the Company's by-laws.

12- CASH AND CASH EQUIVALENTS

	<u>31 July 2026</u>	<u>31 July 2025</u>
Cash at banks	41,227,223	63,082,772
Cash on hand	130,046	85,648
	<u>41,357,269</u>	<u>63,168,420</u>

13- SHARE CAPITAL

The authorized and paid-up capital of the Group is SAR 420.87 million as of 31 July 2026 (31 July 2025: SAR 420.87 million) divided into 42,087,215 shares (31 July 2025: 42,087,215 shares) of SAR 10 each.

13-1 Share Premium

On 2 Thul -Hijjah 1436H, corresponding to 15 September 2015, the Extraordinary General Assembly approved to increase the company's share capital by SAR 74.4 million by issuing new 7.4 million shares at nominal value of SAR 10 each and share premium of SAR 28.17 each.

On 30 Thul al-Qi'dah 1443H, corresponding to 29 June 2022, the Extraordinary General Assembly decided to approve an increase in the company's capital by SAR 20.87 million through the issuance of 2.087 million new shares with a nominal value of SAR 10 per share and a share premium of SAR 34.08 per share in favor of the partners of Nabaa Educational Company, in exchange for the transfer of all shares of Nabaa Educational Company to the Arab Group for Education and Training Holding Company—a wholly owned subsidiary of Ata'a Educational Company—pursuant to the purchase agreement concluded between the partners of Nabaa Educational Company, Ata'a Educational Company, and the Arab Group for Education and Training Holding Company on 9 Jumada al-Awwal 1443H, corresponding to 31 December 2021.

The share premium of SAR 71.1 million was reduced by SAR 3.9 million, which is the costs of those shares' issuance.

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14- OTHER RESERVES

Based on the approval of the Extraordinary General Assembly held on 9 Sha'ban 1447H (corresponding to 28 January 2026), the Group transferred the statutory reserve balance of SAR 51,060,154, as reported in the consolidated financial statements for the financial year ended 31 July 2025, to retained earnings.

The statutory reserve had been appropriated in prior years out of net profits in accordance with the requirements of the previous Companies Law and the Company's Articles of Association. The Companies Law issued by Royal Decree No. (M/132) dated 1 Thul al-Hijjah 1443H no longer requires the appropriation of a statutory reserve, and accordingly the Extraordinary General Assembly approved the transfer of the entire balance to retained earnings, as a result of which the statutory reserve balance became nil as at 31 July 2026 (31 July 2025: SAR 51,060,154). This transfer had no effect on total equity.

15- DIVIDENDS

On 13 January 2025, pursuant to a resolution of the Extraordinary General Assembly, the Company distributed cash dividends to its shareholders for the fiscal year ended 31 July 2024, at SAR 1.25 per share, amounting to SAR 52,609,019, representing 12.5% of paid-up capital.

On 28 January 2026, pursuant to a resolution of the Extraordinary General Assembly, the Company distributed cash dividends to its shareholders for the financial year ended 31 July 2025 at SAR 1.5 per share, amounting to SAR 63,130,823, representing 15% of paid-up capital. On 12 March 2026, pursuant to a resolution of the Board of Directors, interim dividends were distributed to shareholders for the first half of 2026 at SAR 0.75 per share, amounting to SAR 31,565,411, representing 7.5% of paid-up capital. Total dividends declared to the shareholders of the Parent Company during the year therefore amounted to SAR 94,696,234, at SAR 2.25 per share, of which SAR 1.5 per share represents final dividends for the financial year ended 31 July 2025 and SAR 0.75 per share represents interim dividends for the first half of 2026 (31 July 2025: SAR 52,609,019, at SAR 1.25 per share, entirely final dividends). Dividends declared to non-controlling interests in subsidiaries amounted to SAR 2,389,050 (31 July 2025: SAR 1,911,200 bringing total dividends at Group level to SAR 97,085,284 (31 July 2025: SAR 54,520,219), as set out in the consolidated statement of changes in equity and the consolidated statement of cash flows.

16- BORROWINGS AND ISLAMIC MURABAHA

Borrowings and Islamic Murabaha are as follows:

16-1 Borrowing from the Ministry of Finance

The Group obtained a long-term loan from the Ministry of Finance totaling SAR 21.2 million to finance the construction of the educational complex in the Al-Mansoura district. The loan is to be repaid in ten annual installments following a grace period of four years from the date of signing the agreement on 29 October 2014, with the final installment due on 10 June 2027. This loan facility was granted without any profit margin or commission.

Guarantees

These facilities are secured by a plot of land in Al-Salam District and a plot of land in Al Rawabi District in Riyadh amounting to SAR 21.2 million (31 July 2025: SAR 21.2 million) Note (5).

Movement of borrowing obtained with the Ministry of Finance during the year is set out below:

	<u>31 July 2026</u>	<u>31 July 2025</u>
Balance at beginning of the year	3,807,600	5,711,400
Paid during the year	(1,903,800)	(1,903,800)
Balance at end of the year	<u>1,903,800</u>	<u>3,807,600</u>

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16- BORROWINGS AND ISLAMIC MURABAHA (CONTINUED)

Movement of the present value of borrowing obtained with the Ministry of Finance is set out below:

	Note	31 July 2026	31 July 2025
Borrowing at end of the year		1,903,800	3,807,600
<u>Less: deferred finance cost</u>			
Balance at beginning of the year		(428,173)	(704,597)
Finance cost for the year	28	211,328	276,424
Balance at end of the year		(216,845)	(428,173)
Present value of borrowings at end of the year		<u>1,686,955</u>	<u>3,379,427</u>

16-2 Islamic Murabaha from local banks

The Group has signed Shariah-compliant facility agreements with several local banks in the form of Islamic Murabahas amounting to SAR 1.134 billion. These facilities were granted with a profit margin and commission on the facilities determined at the rate of return on interbank borrowing in Saudi Arabia (SIBOR) plus a fixed percentage, these facilities are secured by land and properties amounting to SAR 70.65 million (31 July 2025: SAR 114 million) Note (5), and (6) promissory notes amounting to SAR 1.204 billion (31 July 2025: (7) promissory notes amounting to SAR 1.243 billion), the agreements with banks contain Bank covenants and these covenants are monitored on a monthly basis by the management, in the event of a breach or possible breach of these covenants, actions are taken by the management to ensure that these covenants are fulfilled.

Movement of Islamic Murabaha from local banks is set out below:

	Note	31 July 2026	31 July 2025
Balance at beginning of the year		622,725,583	615,426,919
Finance obtained during the year		209,371,856	407,104,661
Accrued finance cost	28	35,729,959	33,979,575
Finance cost capitalized on projects under construction		4,863,899	4,931,796
Deferred finance cost	10	1,810,313	8,933,708
Accrued finance cost from discontinued operations	33	-	10,728
Paid finance cost during the year		(173,992,613)	(406,482,868)
Paid Interest during the year		(42,702,295)	(41,178,936)
Total Islamic Murabaha from local banks at end of the year		<u>657,806,702</u>	<u>622,725,583</u>

Details of borrowings were presented in the consolidated statement of financial position as follows:

	31 July 2026	31 July 2025
Islamic Murabaha from local banks (Note 16-2)	657,806,702	622,725,583
Ministry of Finance loan – present value (Note 16-1)	1,686,955	3,379,427
Total borrowings and Islamic Murabaha	<u>659,493,657</u>	<u>626,105,010</u>
Non-current portion of borrowings and Islamic Murabaha	488,636,392	479,186,715
Current portion of borrowings and Islamic Murabaha	170,857,265	146,918,295
	<u>659,493,657</u>	<u>626,105,010</u>

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17- DEFERRED GOVERNMENT SUBSIDY INCOME

	Note	<u>31 July 2026</u>	<u>31 July 2025</u>
Balance at beginning of the year		428,173	704,597
Income from government grants	23	(211,328)	(276,424)
		<u>216,845</u>	<u>428,173</u>
Deferred government subsidy income details are presented as follows:			
Non-current portion of deferred government subsidy income	-		216,844
Current portion of deferred government subsidy income		216,845	211,329
		<u>216,845</u>	<u>428,173</u>

18- Employees' benefits obligations

18-1 General Description of the Plan

The Group maintains a defined benefit plan in accordance with the provisions of the Saudi Arabian Labor Law. Employees' benefits obligations are determined based on employees' final salaries, bonuses, and accumulated years of service at the date of termination, in line with the requirements of the Labor Law. The plan is unfunded, and benefits are settled as they become due upon termination of employment.

An independent actuary has performed the most recent valuation of the employee benefit obligations using the projected unit credit method as of 31 July 2026 and 31 July 2025.

The following table sets out the components of net benefit expense recognized in the consolidated statement of comprehensive income and the related obligations recognized in the consolidated statement of financial position. The principal actuarial assumptions applied in measuring the employee benefit liabilities are as follows:

18-2 Movement of the present value of defined benefit obligations:

	Note	<u>31 July 2026</u>	<u>31 July 2025</u>
Present value at beginning of the year		61,132,331	62,044,852
Current service cost		8,439,452	8,745,743
Interest cost	28	2,979,195	2,921,483
Total costs charged for the year		11,418,647	11,667,226
Paid during the year		(10,137,563)	(12,446,237)
Disposal of discontinued operations	33	-	(4,254,370)
Actuarial losses		6,226,265	4,120,860
Present value at end of the year		<u>68,639,680</u>	<u>61,132,331</u>

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18- Employees' benefits obligations (Continued)

18-3 Principal actuarial assumptions

	<u>31 July 2026</u>	<u>31 July 2025</u>
Discount rate (% annum)	5.75%	5.50%
Salary increment rate (% annum)	1.5%	1.5%

18-4 The sensitivity of the defined benefit obligations to changes in the weighted average of the principal assumptions is:

<u>Principal Assumptions</u>	<u>Change</u> <u>Assumption</u>	<u>In</u>	<u>31 July 2026</u>	<u>31 July 2025</u>
Discount rate	+1%		64,108,348	56,254,333
	-1%		74,090,742	67,042,572
Salary increment rate	+1%		74,274,322	67,228,104
	-1%		63,864,965	56,010,094

The sensitivity analyses above are based on a change in one assumption while all other assumptions remain constant. In practice, this is unlikely to occur as some changes in some assumptions may be correlated with each other. When calculating the sensitivity of the Employees' benefits obligations to an actuarial assumption, the same method (the present value of the employees defined benefit obligations calculated using the projected unit credit method at the end of the reporting period) is applied when calculating the Employees' benefits obligations recognized in the consolidated statement of financial position

18-5 Expected maturity analysis:

The weighted average duration of the defined benefit obligation is 7 years (31 July 2025: 8 years).

The following is an analysis of the expected maturity of undiscounted employee benefit liabilities:

	<u>31 July 2026</u>	<u>31 July 2025</u>
Less than a year	9,682,745	11,456,244
1-5 years	30,694,051	42,978,058
More than 5 years	55,565,397	48,772,782
	<u>95,942,193</u>	<u>103,207,084</u>

19- TUITION FEES COLLECTED IN ADVANCE

The balance amounting to SAR 41,042,588 as of 31 July 2026 (31 July 2025: SAR 34,877,811) is the total tuition fees received in advance for the academic year 2026/2027.

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20- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<u>31 July 2026</u>	<u>31 July 2025</u>
Accrued incentives and bonuses	5,981,453	3,903,701
Accrued expenses	4,086,846	2,668,825
Unpaid accrued lease liabilities	3,036,867	9,751,415
Deferred revenue	1,781,016	1,935,728
Payables to parents	1,271,144	1,628,372
Accrued dividends	324,514	318,158
Other	1,624,155	2,139,144
	<u>18,105,995</u>	<u>22,345,343</u>

21- ZAKAT AND INCOME TAX

21-1 Zakat and Tax Status

21-1-1 Zakat Status

The Group submitted its zakat and tax returns to the Zakat, Tax and Customs Authority (“the Authority”) up to the year ended 31 July 2025 and obtained a certificate from the Authority valid until 20 Jumada Al-Akhirah 1448H, corresponding to 30 November 2026.

Ataa Educational Company (“the Parent Company”) obtained the necessary regulatory approvals and the approval of the Authority to calculate Zakat according to the consolidated financial statements, where the Zakat provision is calculated on the basis of the consolidated Zakat base for the Parent Company and its subsidiaries and directly owned by 100% .

The zakat examination for the years ended 31 July 2021, 31 July 2022, 31 July 2023, 31 July 2024 and 31 July 2025 has been completed and resulted in zakat differences amounting to SAR 786,542 for the years from 2022 till 2025. Those differences have been objected to and, up to the date of approval of the consolidated financial statements, the objection is still in process. These disputed zakat differences are considered a contingent liability as at 31 July 2026 and no provision has been recognized for them in these consolidated financial statements, as management believes that its zakat position is supportable and that an outflow of cash is not probable, and they have been included within contingent liabilities in Note (30).

21-1-2 Value Added Tax Status

The Group has submitted all value added tax returns up to 31 July 2026 and has paid all amounts due.

21-2 Zakat provision movement

	<u>Note</u>	<u>31 July 2026</u>	<u>31 July 2025</u>
Balance at beginning of the year		2,640,999	3,411,924
Charged for the year		2,913,071	2,564,243
Zakat difference		-	2,902
Paid during the year		(2,629,058)	(3,338,070)
Balance at end of the year		<u>2,925,012</u>	<u>2,640,999</u>

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21- ZAKAT AND INCOME TAX (CONTINUED)

21-3 Deferred tax

The deferred tax balance included within non-current liabilities (2025: Current assets) represents the deferred tax effect of temporary differences arising in a partly owned subsidiary subject to income tax, resulting principally from differences between the carrying amount and the tax base of property, plant and equipment amounting to SAR 1.4 million and of employee benefit liabilities amounting to SAR 195 thousand. No deferred tax assets have been recognized in respect of carried-forward tax losses, as sufficient future taxable profits are not expected to be available for their utilization. Deferred tax has been measured at the tax rates in force at the date of preparation of the consolidated financial statements. No deferred tax assets or liabilities arise from differences between right-of-use assets and lease liabilities, or from other temporary differences in the remaining Group companies, as they are subject to zakat and not to income tax.

Movements in the deferred tax balance were as follows:

31 July 2026

Balance at beginning of the year
Reversed during the year
Balance at end of the year

Property, plant and equipment , right-of-use assets and Employees' benefits obligations
(29,553)
98,860

69,307

31 July 2025

Balance at beginning of the year
Charged during the year
Balance at end of the year

Property, plant and equipment , right-of-use assets and Employees' benefits obligations
-
(29,553)

(29,553)

During the year, the Group recognised deferred tax assets amounting to SAR 98,860 (31 July 2025: deferred tax liabilities amounting to SAR 29,553).

22- REVENUE, NET

	<u>Revenue recognition</u>	<u>31 July 2026</u>	<u>31 July 2025</u>
Tuition fees	Over Time	743,641,276	749,570,800
Bus subscription revenue	Over Time	18,001,501	20,182,755
Recruitment revenue	At a Point in Time	-	452,163
Tuition fees discounts		(100,367,983)	(129,437,404)
		661,274,794	640,768,314

The Group recognizes revenue from its operations within the Kingdom of Saudi Arabia, and there are no other geographical segments in which the Company conducts its activities.

The Group's contracts with parents and customers are for one year or less. Accordingly, the Group has applied the practical expedient in IFRS 15 and has not disclosed the amount of remaining performance obligations unsatisfied at the year end. Amounts received in advance for services not yet rendered are presented as contract liabilities in Note (19).

23- GOVERNMENT SUBSIDY INCOME

	<u>Note</u>	<u>31 July 2026</u>	<u>31 July 2025</u>
Subsidies from Human Resources Development Fund "HADAF"		7,458,325	6,642,624
Subsidies from Ministry of Education		-	1,908,833
Other government subsidy income	17	211,328	276,424
		7,669,653	8,827,881

- The Ministry of Education grants the Group an annual subsidy based on Ministry regulations, budget allocation, and student enrollment per school.
- The subsidy of Human Resources Development Fund (HADAF) is granted according to the agreement signed between the Group and the Fund based on a lump sum amount of the monthly salary for a certain period for the Saudi employees covered by the agreement.

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24- COST OF REVENUE

	Note	31 July 2026	31 July 2025
Salaries and equivalents		281,565,215	281,107,208
Depreciation of right-of-use assets	6	43,835,540	44,175,926
Depreciation of property, plant and equipment	5	38,899,372	33,144,922
Government fees		22,292,872	24,270,673
Medical insurance		14,177,208	12,339,669
Electricity and water		8,342,480	8,232,941
Stationery and printing		3,915,530	6,007,340
Repair and maintenance		5,107,530	5,229,096
Students' activity fees		4,677,292	5,037,177
Technical support and computer expenses		3,587,088	4,160,444
temporary labor salaries		4,046,000	3,486,336
Bus rental for student transportation		3,846,384	3,177,590
Textbooks		1,953,408	2,735,719
Amortization of intangible assets	7	1,542,960	2,551,885
Impairment of intangible assets	7	-	2,438,240
Security expenses		2,408,114	2,274,931
Low-value leases	6	1,439,425	1,601,112
Telephone, mail and internet		1,221,590	1,391,490
Hospitality and cleaning		953,632	667,580
Training course expenses		693,479	363,373
Others		7,397,104	5,238,617
		<u>451,902,223</u>	<u>449,632,269</u>

25- MARKETING EXPENSES

Marketing expenses amounting to SAR 7,393,890 (2025: SAR 5,587,606) represent the value of the marketing and promotion campaigns through the electronic platforms and the outdoor fixed and digital billboards that the Group uses to promote the services that the Group provides.

26- GENERAL AND ADMINISTRATIVE EXPENSES

	Note	31 July 2026	31 July 2025
Salaries and equivalents		27,325,523	28,025,592
Professional and consulting fees		6,575,190	6,746,320
Technical and computer support expenses		6,629,099	5,395,467
Bank fees		6,645,675	5,880,157
Government fees		1,836,907	1,826,298
Medical insurance		2,014,106	1,802,437
Depreciation of property, plant and equipment	5	668,395	609,530
Amortization of intangible assets	7	602,387	503,543
Telephone, mail and internet		652,043	469,448
Hospitality and cleaning		383,759	309,617
Stationery and printing		6,109	66,156
Repair and maintenance		150,418	41,779
Electricity and water		66,124	34,328
Write-off of employee advances	10	577,040	-
Others		1,803,699	1,740,770
		<u>55,936,474</u>	<u>53,451,442</u>

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27- OTHER INCOME

	Note	31 July 2026	31 July 2025
Income from operating leases*		6,968,443	6,162,831
Income from cafeteria		2,044,940	1,641,471
Income from sale of uniforms		607,876	707,024
Gains on disposal of property, plant and equipment		418,376	-
Income from the sale of books		305,623	1,009,477
Write-off of trade payables		-	5,042,581
Gains on disposal of non-current assets held for sale	5	-	2,522,960
Gains / (Loss) on derecognition of leases	6/33	-	375,319
Others		1,594,645	2,086,403
		<u>11,939,903</u>	<u>19,548,066</u>

28- FINANCE COSTS

	Note	31 July 2026	31 July 2025
Finance costs of Islamic Murabaha from local banks	16-2/33	35,729,959	33,979,575
Interest on lease liabilities	6 – B	22,081,394	23,645,654
Interest on Employees' benefits obligations	18-2	2,979,195	2,921,483
Finance cost of borrowings from the Ministry of Finance	16-1	211,328	276,424
		<u>61,001,876</u>	<u>60,823,136</u>

* Represents operating lease income from leasing out sports fields and halls operated by the Group to third parties outside official working hours. These assets are not classified as investment property, as the leased portion cannot be separated, nor can its value be reliably determined.

29- BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share were calculated by dividing the net income for the year attributable to the shareholders of the parent company by the weighted average number of ordinary shares outstanding at the end of the year, which amounted to 42,087,215 shares (31 July 2025: 42,087,215 shares). Diluted earnings per share are the same as basic earnings per share as the group has no dilutive instruments.

The Group had no discontinued operations during the year ended 31 July 2026; accordingly, earnings per share relate entirely to continuing operations and amounted to SAR 2.31 per share. For the year ended 31 July 2025, net income attributable to the shareholders of the parent company included a loss from discontinued operations of SAR 3,288,092 (Note 33). As those operations were wholly owned by the parent company, the entire loss was attributable to the shareholders of the parent company with no share attributable to non-controlling interests. Accordingly, net income attributable to the shareholders of the parent company from continuing operations amounted to SAR 86,092,794, earnings per share from continuing operations amounted to SAR 2.05, loss per share from discontinued operations amounted to SAR (0.08), and total earnings per share amounted to SAR 1.97.

	31 July 2026	31 July 2025
Net income for the year attributable to shareholders of the parent company	97,342,712	82,804,702
Weighted average number of ordinary shares for the purpose of basic earnings per share	42,087,215	42,087,215
	<u>2.31</u>	<u>1.97</u>
Earnings per share from continuing operations (SAR)	<u>2.31</u>	<u>2.05</u>
(Loss) per share from discontinued operations (SAR)	<u>-</u>	<u>(0.08)</u>

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30- CONTINGENCIES AND CAPITAL COMMITMENTS

	<u>31 July 2026</u>	<u>31 July 2025</u>
Capital commitments - projects under construction	37,308,470	35,825,887
Contingent liabilities – disputed zakat assessment differences (Note 21-1)	786,542	786,542
	<u>38,095,012</u>	<u>36,612,429</u>

Contingent liabilities

Other than the disputed zakat assessment differences of SAR 786,542 set out above and in Note (21-1), the Group had no contingent liabilities, legal claims, letters of credit or financial guarantees issued in favour of third parties as at 31 July 2026 and 31 July 2025.

31- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's main financial liabilities include lease liabilities, borrowings and Islamic Murabaha, deferred government subsidy income, trade payables, accrued expenses and other current liabilities, and due to related parties. The Group's main financial assets comprise of receivables, due from a related party, and cash and cash equivalents. The main financial risks for the Group's financial instruments are market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. Management reviews and approves policies to manage those risks.

31-1 Market Risk

It is the risk of fluctuation in a financial instrument due to changes in market prices, such as foreign exchange rates and interest rates, which affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns. There has been no change in the Group's exposures, or the way market risk is managed and measured.

31-1-1 Interest Rate Risk

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in prevailing interest rates on the Group's consolidated financial position and cash flows. The Group is exposed to interest rate risk on its interest-bearing assets and liabilities, which mainly consist of bank facilities and borrowings. Management mitigates interest rate risk by monitoring changes in interest rates. Management monitors the changes in interest rates and believes that the cash flow risk and fair value interest rate risk of the Group are not significant.

The trade receivables and payables of the Group that are measured at amortized cost are not subject to interest rate risk as defined in International Financial Reporting Standard (IFRS 7), because their carrying value or future cash flows do not change due to changes in market interest rates. Therefore, the Group is not exposed to interest rate risk on fair value.

The Group's exposure to interest rate risk is as follows:

	<u>31 July 2026</u>	<u>31 July 2025</u>
Borrowings and Islamic Murabaha with variable interest rate	657,806,702	619,034,468
Borrowings and Islamic Murabaha with fixed interest rate	1,686,955	7,070,542

- All existing credit facilities are entered into with a governmental entity and local banks and Sharia compliant.

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31- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

31-1-1 Interest Rate Risk (Continued)

Sensitivity Analysis

The following table shows the income sensitivity to reasonably possible changes in interest rates, keeping all other variables constant. There is no direct impact on the Group's equity.

	Consolidated Statement of profit or loss			
	31 July 2026		31 July 2025	
	Increase 100 Base points	Reduce 100 Base points	Increase 100 Base points	Reduce 100 Base points
Borrowings and Islamic Murabaha with variable interest rate	6,578,067	(6,578,067)	6,190,345	(6,190,345)
Changes in cash flows	<u>6,578,067</u>	<u>(6,578,067)</u>	<u>6,190,345</u>	<u>(6,190,345)</u>

31-1-2 Foreign Currency Risk

Foreign currency risk is the risk of fluctuation in the value of financial instruments due to changes in foreign exchange rates. Foreign currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency other than the Saudi Arabian Riyal. The Group's management believes that it is not exposed to foreign currency risk because the majority of the Group's transactions are in Saudi Riyals and the Group believes that its exposure to foreign currency risk is limited as the Saudi Riyal is pegged to the US Dollar. Management monitors the risks of exchange rate volatility closely and continuously, and based on its experience and market feedback, management does not believe that it is necessary to hedge against foreign currency risk as most of the foreign currency risks are relatively limited in the medium term.

31-2 Credit Risk

Credit risk represents the risk of financial loss to the Group if a counterparty fails to discharge its contractual obligations. The Group is not exposed to significant concentrations of credit risk. Cash and cash equivalents are maintained with local banks that possess strong credit ratings. Trade receivables and other receivables are mainly due from customers within the local market and are presented at their recoverable amounts. The Group has established policies and procedures to manage and mitigate credit risk. The carrying amounts of financial assets approximate the maximum exposure to credit risk. No loss rate has been applied to the "less than one year" category in the provision matrix below, as balances in this category are not considered past due until the full academic year has elapsed.

A) Cash at banks

The following are the credit ratings of the banks that the Group deals with and banks' credit ratings according to Moody's.

<u>Credit Rating</u>	<u>31 July 2026</u>	<u>31 July 2025</u>
A1	33,168,788	46,032,420
A2	336,778	138,263
A3	6,198,888	15,958,630
Baa3	1,522,769	953,459
	<u>41,227,223</u>	<u>63,082,772</u>

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31- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

31-2 Credit Risk (Continued)

B) Trade receivables

<u>31 July 2026</u>	<u>Gross Accounts Receivable</u>	<u>ECL</u>	<u>ECL Rate</u>
Less than 1 year	93,830,627	-	-
1 year and less than 2 years	15,410,903	3,233,795	21%
2 year and less than 3 years	11,122,568	3,486,887	31%
3 year and less than 4 years	24,056,748	22,533,625	94%
More than 4 years	13,234,387	13,234,387	100%
Total	157,655,233	42,488,694	

<u>31 July 2025</u>	<u>Gross Accounts Receivable</u>	<u>ECL</u>	<u>ECL Rate</u>
Less than 1 year	72,729,348	-	-
1 year and less than 2 years	17,665,927	2,814,390	16%
2 year and less than 3 years	25,580,392	21,898,216	86%
3 year and less than 4 years	3,159,209	1,661,883	53%
More than 4 years	14,034,509	13,902,528	99%
Total	133,169,385	40,277,017	

The Group does not hold significant collateral against its trade receivables. However, the continued enrollment of students and the provision of educational services provide an indirect form of security, as students are not permitted to transfer or obtain their certificates until outstanding amounts have been settled.

Trade receivables are presented with the net of expected credit losses. The allowance for expected credit losses is measured in accordance with the simplified approach prescribed under IFRS 9 Financial Instruments.

For the purpose of these consolidated financial statements, default is defined as the failure of a counterparty to make contractual payments within four years of the due date.

C) Due from related parties

	<u>31 July 2026</u>	<u>31 July 2025</u>
Opening balance	-	2,328,085
Charged for the year	-	-
Write off	-	(2,328,085)
	<u>-</u>	<u>-</u>

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31-3 Liquidity Risk

It is a risk that the Group will encounter difficulty in obtaining the financing necessary to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at a value close to its fair value. Liquidity risk is managed by regularly monitoring the adequacy of liquidity available to meet the Group's financial obligations. The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and established conditions, without incurring unacceptable losses or risking damage to the Group's reputation

The following table summarizes the Group's financial liabilities into relevant maturity groupings based on the remaining period from the date of the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The table is limited to the Group's financial liabilities; accordingly, it excludes non-financial liabilities that are not settled through the delivery of cash or another financial asset, including contract liabilities represented by tuition fees collected in advance and deferred government grant income, as the former is settled through the delivery of educational services and the latter is settled by transfer to the statement of profit or loss over the useful life of the related assets.

It is noted that the Group's financing from local banks consists of Shariah-compliant facilities in the form of Murabaha, under which no separate contractual interest schedule arises, as a single total amount payable to the bank—comprising the purchase cost and the Murabaha margin—is determined upon execution of each Murabaha transaction, and this is the amount confirmed in the bank confirmations. Accordingly, the amounts disclosed above represent the total amounts due to the banks, including the unamortized Murabaha margin recorded under "deferred financing costs," without any additional contractual interest. The difference between these amounts and the carrying amount is limited to the Murabaha margin relating to future periods of the transactions outstanding as at the reporting date.

	31 July 2026				
	Carrying Value	Less Than 1 Year	1 To 5 Years	More Than 5 Years	Undiscounted Value
Lease liabilities	470,610,719	62,504,603	279,484,661	365,081,099	707,070,363
Borrowings and Islamic Murabaha	659,493,657	171,074,110	388,319,519	100,316,873	659,710,502
Trade payables	6,785,725	6,785,725	-	-	6,785,725
Accrued expenses and other current liabilities	16,324,979	16,324,979	-	-	16,324,979
	<u>1,153,215,080</u>	<u>256,689,417</u>	<u>667,804,180</u>	<u>465,397,972</u>	<u>1,389,891,569</u>
	31 July 2025				
	Carrying Value	Less Than 1 Year	1 To 5 Years	More Than 5 Years	Undiscounted Value
Lease liabilities	463,106,617	65,426,107	282,234,220	337,961,142	685,621,469
Borrowings and Islamic Murabaha	626,105,010	147,129,624	379,375,710	100,027,849	626,533,183
Trade payables	3,679,145	3,679,145	-	-	3,679,145
Accrued expenses and other current liabilities	20,409,615	20,409,615	-	-	20,409,615
Due to related parties	4,666,658	4,666,658	-	-	4,666,658
	<u>1,117,967,045</u>	<u>241,311,149</u>	<u>661,609,930</u>	<u>437,988,991</u>	<u>1,340,910,070</u>

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31- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

31-4 Capital Risk Management

The Board's policy is to maintain a sufficient and strong capital base to preserve the confidence of investors, creditors, and the market and to sustain the future development of the business. The Board monitors the return on capital employed to ensure that the Group has the ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders.

Net debt for this purpose is defined as total long-term and short-term borrowings and Islamic Murabaha (Note 16) and lease liabilities (Note 6) less cash and cash equivalents, being the same definition used in Note (31-6):

	<u>31 July 2026</u>	<u>31 July 2025</u>
Total borrowings and Islamic Murabaha (Note 16)	659,493,657	626,105,010
Lease liabilities (Note 6)	470,610,719	463,106,617
Less: cash and cash equivalents (Note 12)	(41,357,269)	(63,168,420)
Net debt	1,088,747,107	1,026,043,207
Total equity	882,601,668	887,856,905
Net debt to total equity ratio	1.23	1.16

31-5 Fair Value

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in a transaction between market participants at the measurement date. Fair value measurement assumes that the sale of the asset or transfer of the liability will take place either:

- In the principal market for the asset or liability, or
- In the most advantageous market for the asset or liability in the absence of a principal market.

The principal or most advantageous market must be accessible by the group.

The fair value of an asset or liability is measured using the assumptions that market participants use when pricing the asset or liability, assuming that market participants act in their best economic interests.

Fair value measurement of a non-financial asset considers the ability of market participants to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant who would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate to circumstances and conditions and have sufficient data to measure fair value, maximize the use of relevant observable inputs, and minimize the use of unobservable inputs.

All assets and liabilities whose fair values are measured or disclosed at their fair values in the consolidated financial statements are categorized within the fair value hierarchy set out below based on the lowest level inputs that is significant to the fair value measurement as a whole:

- Level 1: Prices that are quoted in active markets for identical assets or liabilities.
- Level 2: Other valuation techniques in which the lowest level of significant inputs is observable directly or indirectly to the fair value measurement.
- Level 3: Other valuation techniques in which the lowest level of inputs that are significant are not observable to the fair value measurement.

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31- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

31-5 Fair Value (Continued)

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The carrying amount of the financial assets that cannot be measured at fair value approximates their fair value. The financial liabilities have been measured at amortized cost, which is a reasonable approximation of their fair value.

31-6 Capital management

The primary objective of capital management is to maintain the Group's ability to continue as a going concern, provide an appropriate return to shareholders, and sustain a balanced capital structure that supports its expansion plans in the education sector while preserving the confidence of financiers. For capital management purposes, capital comprises paid-up capital, share premium, other reserves, and retained earnings—representing the total equity shown in the consolidated statement of financial position. Capital for this purpose no longer includes a statutory reserve, as the entire statutory reserve balance was transferred to retained earnings during the year, resulting in a zero balance as of July 31, 2026 (July 31, 2025: SAR 51,060,154), as detailed in Note (14).

Management monitors the capital structure using the ratio of net debt to total equity, where net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents. The Group is not subject to any regulatory minimum capital requirements other than those imposed by the Companies Law and the Company's by-laws; however, certain banking facility agreements contain financial covenants relating to leverage and debt service coverage ratios, with which the Group complied during the year. The Group made no changes to its capital management objectives, policies or procedures during the year.

32- SEGMENT REPORTING

The Group's main activity is to establish private and international schools, kindergartens, primary, intermediate and secondary schools for boys and girls in Riyadh region, mediating in employing Saudis, online recruitment agencies, activities of temporary employment agencies for expatriate labor services, providing other human resources, owning, managing, operating and establishing training institutes and higher training institutes. The information relating to the Group's operating segments shown below is the one that is regularly raised to the Group's operational decision-makers and stated as follows:

- Education Segment: This segment is engaged in establishing and managing private, international, French and Indian schools.
- Training Segment: This segment is engaged in creating and operating training institutes.
- Recruitment Segment: This segment is engaged in mediating in employing Saudis and online recruitment agencies.

The activities of the training and recruitment segments have ceased as a result of the sale or closure of those activities, and they generated no revenues or assets during the year ended 31 July 2026. Accordingly, management has determined that the Group has a single reportable operating segment, being the education segment, and that the performance measures reviewed by the chief operating decision maker are the same as those presented in the Group's consolidated financial statements as a whole. Consequently, segment assets, segment liabilities and segment profit before zakat correspond to the amounts presented in the consolidated statement of financial position and the consolidated statement of profit or loss. The figures of the two segments referred to below have been retained for comparative purposes only.

The Group conducts all of its activities within the Kingdom of Saudi Arabia, and it has no single customer whose revenues exceed 10% of the Group's total revenues, as revenues comprise tuition fees from a large number of students.

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32- SEGMENT REPORTING (CONTINUED)

	31 July 2026			
	Education Segment	Training Segment	Recruitment Segment	Total
Continued Operations				
Revenue (Note 22)	661,274,794	-	-	661,274,794
Government subsidy income (Note 23)	7,669,653	-	-	7,669,653
Cost of revenue (Note 24)	(451,902,223)	-	-	(451,902,223)
Gross profit	217,042,224	-	-	217,042,224
Discontinued operations				
Revenue (Note 33)	-	-	-	-
Government subsidy income (Note 33)	-	-	-	-
Cost of revenue (Note 33)	-	-	-	-
Gross profit	-	-	-	-
Continued Operations				
Property, plant and equipment (Note 5)	960,728,132	-	-	960,728,132
Depreciation of property, plant and equipment (Note 5)	39,567,767	-	-	39,567,767
Discontinued operations				
Property, plant and equipment (Note 33)	-	-	-	-
Depreciation of property, plant and equipment (Note 33)	-	-	-	-
	31 July 2025			
	Education Segment	Training Segment	Recruitment Segment	Total
Continued Operations				
Revenue (Note 22)	640,316,151	-	452,163	640,768,314
Government subsidy income (Note 23)	8,727,881	-	100,000	8,827,881
Cost of revenue (Note 24)	(445,034,578)	-	(4,597,691)	(449,632,269)
Gross profit	204,009,454	-	(4,045,528)	199,963,926
Discontinued operations				
Revenue (Note 33)	-	22,582,062	-	22,582,062
Government subsidy income (Note 33)	-	271,860	-	271,860
Cost of revenue (Note 33)	-	(26,038,132)	-	(26,038,132)
Gross profit	-	(3,184,210)	-	(3,184,210)
Continued Operations				
Property, plant and equipment (Note 5)	901,050,043	-	196,028	901,246,071
Depreciation of property, plant and equipment (Note 5)	33,384,607	-	369,845	33,754,452
Discontinued operations				
Property, plant and equipment (Note 33)	-	40,059,273	-	40,059,273
Depreciation of property, plant and equipment (Note 33)	-	1,644,476	-	1,644,476

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

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32- SEGMENT REPORTING (CONTINUED)

31 July 2026				
	Education Segment	Training Segment	Recruitment Segment	Total
Timing of Revenue Recognition:				
At point in time	-	-	-	-
Over time	661,274,794	-	-	661,274,794
At point in time from discontinued operations (Note 33)	-	-	-	-
Total revenue	661,274,794	-	-	661,274,794
Total revenue from discontinued operations (Note 33)	-	-	-	-
31 July 2025				
	Education Segment	Training Segment	Recruitment Segment	Total
Timing of Revenue Recognition:				
At point in time	-	-	452,163	452,163
Over time	640,316,151	-	-	640,316,151
At point in time from discontinued operations (Note 33)	-	22,582,062	-	22,582,062
Total revenue	640,316,151	-	452,163	640,768,314
Total revenue from discontinued operations (Note 33)	-	22,582,062	-	22,582,062

32-3 Group level disclosures

The Group conducts all of its activities within the Kingdom of Saudi Arabia – the city of Riyadh – and accordingly all of its revenues and non-current assets relate to a single geographical area and no additional geographical disclosure is required.

The Group's revenues are derived principally from tuition fees receivable from a large and diverse number of parents, and there is no single customer from which revenue represents 10% or more of the Group's total revenues. Accordingly, there is no significant concentration of revenue or of trade receivables.

33- DISCONTINUED OPERATIONS

On 6 Safar 1447H (corresponding to 31 July 2025), Ataa Educational Company (the parent), through its subsidiary, Arabian Education and Training Group Holding Company, sold the "Al-Faisal International Academy for Training Institutes" branch to Qeem Real Estate Company.

	31 July 2026	31 July 2025
Losses from discontinued operations	-	(6,053,546)
Gain arising from the sale of Al-Faisal International Training Institutes Academy branch	-	2,765,454
	-	(3,288,092)

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33- DISCONTINUED OPERATIONS (CONTINUED)

The financial performance set out below relates to the discontinued operation for the periods presented:

	Note	31 July 2026	31 July 2025
Revenue	-	-	22,582,062
Government subsidies income	-	-	271,860
Depreciation of property, plant and equipment (Cost of revenue)	5	-	(1,568,606)
Depreciation of right-of-use assets (Cost of revenue)	6	-	(3,035,935)
Cost of revenues	-	-	(21,433,591)
Depreciation of property, plant and equipment (general and administrative expenses)	5	-	(75,870)
Gains on derecognition of leases	-	-	1,036,489
Interest on lease liabilities	6	-	(1,398,156)
Finance costs on local borrowings and Islamic Murabaha	16-2	-	(10,728)
Other expenses and other revenue (Net)	-	-	(2,421,071)
	-	-	(6,053,546)
		31 July 2026	31 July 2025
Sale value	-	-	40,312,382
Less:			
Net assets at the date of sale	-	-	(37,546,928)
Gain on sale	-	-	2,765,454

The recognized assets and liabilities of Al Faisal International Academy for Training Institutes branch at the date of disposal were as follows:

	31 July 2026	31 July 2025
Property, plant and equipment	-	40,059,273
Inventory	-	529,714
Accounts receivable	-	4,623,726
Prepaid expenses and other current assets	-	1,005,124
Cash and cash equivalents	-	11,484
Right-of-use assets and Lease liabilities (Net)	-	(1,709,929)
Trade payables, Accrued expenses and other current liabilities.	-	(2,718,094)
Employees' benefits obligations	-	(4,254,370)
Total identifiable assets and liabilities sold	-	37,546,928
Net cash from sales		
Selling value	-	40,312,382
Cash and cash equivalents	-	(11,484)
	-	40,300,898

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34- NON-CASH TRANSACTIONS

This note presents the material non-cash transactions excluded from the consolidated statement of cash flows in accordance with IAS 7. The reconciliation between liabilities arising from financing activities and their cash and non-cash movements during the year is presented in Note (6) in respect of lease liabilities and Note (16) in respect of borrowings.

	Note	31 July 2026	31 July 2025
Additions to right-of-use assets against lease liabilities	6	417,395	33,672,768
Uncollected proceeds from the sale of a cash-generating unit	10	-	30,000,000
Unpaid accrued rents (including amounts recognised within accrued expenses and other current liabilities – Note 20)		2,640,754	12,479,491
Unpaid deferred finance costs		1,810,313	8,933,708
Unpaid dividends		-	39,720
Unpaid non-controlling interest in investments in subsidiaries		-	20,000
Remeasurement of lease liabilities against right-of-use assets	6	50,505,689	-
Finance costs capitalised on projects under construction		4,863,899	4,931,796

35- SIGNIFICANT GEOPOLITICAL EVENTS

In March 2026, geopolitical instability increased in the Middle East region, which may affect all countries in the region. The Group's management closely monitors geopolitical developments. While the Group's financial position has not been affected to date, management continues to assess the likelihood of future impacts on its business. These developments occurred within the financial year ended 31 July 2026 and are not events after the reporting period addressed by IAS 10; management has taken them into account in preparing its estimates and judgements and it did not have a material impact on the amounts recognized or disclosed in these consolidated financial statements.

36- SUBSEQUENT EVENTS

Subsequent to the reporting date, on 12 Rabi' Al-Awwal 1448H (corresponding to 25 August 2026), the Group signed a Sharia-compliant bank facility agreement with Alinma Bank amounting to SAR 200,000,000 for a term of ten years. The facility is repayable on demand and is intended to finance the acquisition and construction of educational complexes. It is secured by a promissory note for the value of the facility in favor of the bank, and there are no related parties to the agreement. This event is a non-adjusting event after the reporting period in accordance with IAS 10, and it had no effect on the amounts recognized or disclosed in these consolidated financial statements as at 31 July 2026.

Other than as mentioned above, management believes that there have been no significant subsequent events since the year-end that require disclosure or adjustment in these consolidated financial statements.

37- COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation of the consolidated financial statements for the current financial year.

38- APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 July 2026 were approved by the Board of Directors, on 26 Rabi' Al-Awwal 1448H (corresponding to 8 September 2026).