

Al Masar Al Shamil Education Company
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
AND THE INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025



Deloitte and Touche & Co.
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INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Al Masar Al Shamil Education Company
(A Saudi Joint Stock Company)
Kingdom of Saudi Arabia

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Masar Al Shamil Education Company ("the Company") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at December 31, 2025 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 December 31, 2025 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 endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as 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 (including International Independence Standards) as endorsed in the Kingdom of Saudi Arabia ("the Code"), as applicable to audits of the financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current 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.

Independent Auditor's Report to the Shareholders of Al Masar Al Shamil Education Company (Continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition from Education Services	
<p>The Group recognized revenues from educational services of SAR 533.8 million during the year.</p> <p>Revenue is recognized over the period that the educational services are rendered to students enrolled in schools and educational centers and is stated net of deductions and exemptions.</p> <p>The recognition and measurement of revenue requires management to apply significant judgements in identifying all the services to be delivered to students and allocating the total price to each service.</p> <p>In addition, the Group presented contract liabilities of SAR 79.7 million in the consolidated statement of financial position at the reporting date. Contract liabilities represent the difference between cash received from customers and the revenue recognized.</p> <p>Revenue recognition was considered to be a key audit matter due to the following:</p> <ul style="list-style-type: none"> • The quantitative significance of the amount to the consolidated financial statements; • The level of judgements applied and estimates made by management; and • The level of audit effort required <p>Refer to note 2.3 in the consolidated financial statements for the accounting policy related to revenue, note 4 for more details relating to revenue and note 26 for the analysis of revenue into different segments of the Group.</p>	<p>We performed the following audit procedures, inter alia, to address the key audit matter:</p> <ul style="list-style-type: none"> • We obtained an understanding of the process adopted by management to recognize revenue and identified the key controls in this process. • We assessed the abovementioned controls to determine if they had been appropriately designed and implemented and tested these controls to determine if they were operating effectively throughout the year. • We selected recorded revenue transactions, on a sample basis, and agreed the details of these transactions to the signed agreement between the Group and the customer. • We recalculated the total revenue from educational services, based on the number of students enrolled and the approved tuition fees for each category and stage. • We performed the following procedures on the contract liabilities: <ul style="list-style-type: none"> ○ We agreed the amount recorded to an analysis prepared by management. ○ We selected items on the analysis, on a sample basis, recalculated the revenue recognized based on the details recorded in the signed agreement between the Group and the customer and agreed the cash received amounts to bank statements. ○ We selected cash receipts recorded in bank statements for a period of two weeks prior to the reporting date and determined if the resultant credit had been correctly recorded in either contract liabilities, trade receivables or revenue. • We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.

Independent Auditor's Report to the Shareholders of Al Masar Al Shamil Education Company (Continued)

Other Information

The Board of Directors ("the Directors") is responsible for the other information. The other information consists of the information included in the Group's annual report, other than the consolidated financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information, and we will not express any form of assurance conclusion thereon.

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

When we read the other information, when 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 IFRSs that are endorsed in the Kingdom of Saudi Arabia, the applicable requirements of the Regulations for Companies and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, i.e. Board of directors, are responsible for overseeing the Group's financial reporting process.

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

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

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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.

Independent auditor's report to the shareholders of Al Masar Al Shamil Education Company (Continued)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte and Touche & Co.
Chartered Accountants



Waleed bin Moh'd Sobahi
License No. 378
Shaaban 22, 1447 H
February 10, 2026



Al Masar Al Shamil Education Company
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2025

	Notes	2025 SAR'000	2024 SAR'000
Revenue	4	533,867	437,065
Cost of revenues	4	(295,103)	(234,001)
GROSS PROFIT		238,764	203,064
General, selling and administrative expenses	5	(155,915)	(98,630)
Share of results of an associate	11	52,082	29,885
Other operating income	6	35,868	33,378
OPERATING PROFIT		170,799	167,697
Finance income	7	7,379	3,664
Finance costs	7	(8,597)	(9,192)
PROFIT FOR THE YEAR BEFORE ZAKAT AND INCOME TAX		169,581	162,169
Zakat and income tax	24	(10,700)	(14,051)
PROFIT FOR THE YEAR		158,881	148,118
Attributable to:			
Equity holders of the Company		130,428	120,082
Non-controlling interests		28,453	28,036
		158,881	148,118
Basic and diluted earnings per share (SAR)	20	1.27	1.17

Alternative Performance Measures

Earnings before interest, tax, depreciation and amortization (EBITDA)	25	227,982	215,561
Adjusted earnings before interest, tax, depreciation and amortization (EBITDA)	25	240,059	216,446
Adjusted Profit before Zakat & income tax	25	181,658	163,054
Adjusted Profit	25	166,303	149,003
Attributable to the equity holders of the Company			
Adjusted Profit	25	135,250	120,967

The attached notes 1 to 29 form part of these consolidated financial statements.

Al Masar Al Shamil Education Company
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 SAR'000	2024 SAR'000
PROFIT FOR THE YEAR		158,881	148,118
Other comprehensive (loss)/income			
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement (loss)/gain on employees' benefit obligations	18	(1,346)	1,375
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		157,535	149,493
Attributable to:			
Equity holders of the Company		129,620	120,907
Non-controlling interests	23	27,915	28,586
		157,535	149,493

The attached notes 1 to 29 form part of these consolidated financial statements.

Al Masar Al Shamil Education Company
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2025

	Notes	2025 SAR'000	2024 SAR'000
ASSETS			
Non-current assets			
Property and equipment	8	155,339	114,198
Right-of-use assets	9	140,245	97,118
Goodwill and intangible assets	10	609,284	615,034
Investment in an associate	11	427,236	401,893
Total non-current assets		1,332,104	1,228,243
Current assets			
Inventories		1,618	1,701
Trade and other receivables	12	198,777	154,761
Due from a related party	13	-	8,847
Cash and bank balances	14	339,200	200,967
Total current assets		539,595	366,276
TOTAL ASSETS		1,871,699	1,594,519
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	1,024,013	1,024,013
Statutory reserve	15	12,011	12,011
Other reserves		(17,824)	(17,016)
Retained earnings		269,672	139,244
Total equity attributable to the equity holders of the Company		1,287,872	1,158,252
Non-controlling interests	23	76,082	64,167
Total equity		1,363,954	1,222,419
LIABILITIES			
Non-current liabilities			
Lease liabilities	9	122,737	73,438
Financing from banks	17	42,187	16,915
Deferred tax liability	24	49,686	51,051
Employees' defined benefit obligations	18	27,199	20,396
Total non-current liabilities		241,809	161,800
Current liabilities			
Financing from banks	17	54,989	45,750
Lease liabilities	9	23,382	29,744
Accounts and other payables	19	107,875	69,361
Contract liabilities	4	79,690	62,565
Due to a related party	13	-	2,880
Total current liabilities		265,936	210,300
Total liabilities		507,745	372,100
TOTAL EQUITY AND LIABILITIES		1,871,699	1,594,519

These consolidated financial statements were approved by the Board of Directors on 10 February 2026 and signed on its behalf by:

Dr. Shamsheer Vayalli Parambath
Chairman

Majed Al Mutairi
Chief Executive Officer

Ahmed Gamal
Chief Financial Officer

The attached notes 1 to 29 form part of these consolidated financial statements.

Al Masar Al Shamil Education Company
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

Attributable to equity holders of the Company

	<i>Share capital SAR'000</i>	<i>Statutory reserve SAR'000</i>	<i>Shareholders contributions SAR'000</i>	<i>Other reserves SAR'000</i>	<i>Retained earnings SAR'000</i>	<i>Total SAR'000</i>	<i>Non- controlling interests SAR'000</i>	<i>Total equity SAR'000</i>
As at 1 January 2024	10	3	991,543	(17,841)	73,384	1,047,099	51,581	1,098,680
Profit for the year	-	-	-	-	120,082	120,082	28,036	148,118
Other comprehensive income	-	-	-	825	-	825	550	1,375
Total comprehensive income	-	-	-	825	120,082	120,907	28,586	149,493
Transfer to statutory reserve	-	12,008	-	-	(12,008)	-	-	-
Shareholders distributions	-	-	-	-	(42,214)	(42,214)	-	(42,214)
Dividend (Note 23)	-	-	-	-	-	-	(16,000)	(16,000)
Contingent consideration settled (Note 10)	-	-	32,460	-	-	32,460	-	32,460
Transfer to share capital (Note 16)	1,024,003	-	(1,024,003)	-	-	-	-	-
As at 31 December 2024	1,024,013	12,011	-	(17,016)	139,244	1,158,252	64,167	1,222,419
Profit for the year	-	-	-	-	130,428	130,428	28,453	158,881
Other comprehensive Loss	-	-	-	(808)	-	(808)	(538)	(1,346)
Total comprehensive (loss)/Income	-	-	-	(808)	130,428	129,620	27,915	157,535
Dividend (Note 23)	-	-	-	-	-	-	(16,000)	(16,000)
As at 31 December 2025	1,024,013	12,011	-	(17,824)	269,672	1,287,872	76,082	1,363,954

The attached notes 1 to 29 form part of these consolidated financial statements.

Al Masar Al Shamil Education Company
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 SAR'000	2024 SAR'000
OPERATING ACTIVITIES			
Profit before tax and Zakat		169,581	162,169
Adjustments for:			
Share of results of an associate	11	(52,082)	(29,885)
Depreciation of property and equipment	8	17,117	12,369
Depreciation of right-of-use assets	9	31,283	26,712
Amortisation of intangible assets	10	5,750	5,750
Reversal of provision in relation to capital work-in-progress		-	(2,100)
Allowance for expected credit losses on trade receivables, net	12	17,395	4,951
Provision for employees' end of service benefits	18	8,046	6,631
Finance income	7	(7,379)	(3,664)
Finance costs	7	8,597	9,192
		198,308	192,125
Working capital changes			
Inventories		83	(794)
Due from a related party		-	9,283
Trade and other receivables		(59,451)	(39,900)
Accounts and other payables and contract liabilities		56,138	21,281
Due to a related party		(2,880)	585
Cash from operations		192,198	182,580
Employees' end of service benefits paid	18	(2,589)	(1,579)
Zakat and taxes paid		(9,141)	(3,142)
Payment of lease liabilities	9	(38,870)	(30,912)
Net cash flows generated from operating activities		141,598	146,947
INVESTING ACTIVITIES			
Acquisition of property and equipment	8	(56,461)	(57,977)
Changes in bank term deposits		(53,387)	(26,795)
Dividends received from an associate		35,585	-
Interest received on bank deposits		5,995	3,664
Net cash flows used in investing activities		(68,268)	(81,108)
FINANCING ACTIVITIES			
Proceeds from financing from banks		108,720	74,938
Repayment of financing from banks		(74,209)	(24,302)
Shareholder distributions		-	(33,367)
Dividends paid to non-controlling interests		(18,738)	(12,000)
Finance costs paid		(4,257)	(2,493)
Net cash flows generated from financing activities		11,516	2,776
NET INCREASE IN CASH AND CASH EQUIVALENTS		84,846	68,615
Cash and cash equivalents at the beginning of the year		174,172	105,557
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	14	259,018	174,172
Non-cash transactions			
Additions to right-of-use assets	9	77,064	43,030
Additions to lease liabilities	9	77,064	43,030
Transfer from right-of-use assets to property & equipment	9	-	3,676
Settlement of contingent consideration	10	-	32,460
Dividend from an associate	11	-	8,847

The attached notes 1 to 29 form part of these consolidated financial statements.

Al Masar Al Shamil Education Company (A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

1 CORPORATE INFORMATION

Al Masar Al Shamil Education Company (the “Company”) is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010831769 dated 10 Rabih Al-Awal 1444H (corresponding to 6 October 2022) and under the Saudi Arabian Ministry of Investment license number 102114402166741 dated 4 Safar 1444H (corresponding to 1 September 2022). The unified number of the Company is 7031169365. The registered address of the Company is Tawuniya Towers, King Fahad Road, Al Olaya District, Riyadh, Kingdom of Saudi Arabia.

The Company is a subsidiary of Amanat Special Education and Care Holdings Ltd, registered as a private company limited by shares within the Abu Dhabi Global Market in the United Arab Emirates, and is ultimately controlled by Amanat Holdings PJSC (the “Ultimate Parent Company” or “Amanat”). The principal activities of Amanat are to invest in companies and enterprises in the fields of education and healthcare, as well as to manage, develop and operate such companies and enterprises. Amanat Holdings PJSC is a public joint stock company listed on the Dubai Financial Market, United Arab Emirates. The registered office of the Ultimate Parent Company is One Central, The Offices 5, Level 1, Units 107 and 108, Dubai, United Arab Emirates.

The principal activities of the Company are to invest in companies and enterprises in the field of education, as well as managing, developing and operating such companies and enterprises.

Following the completion of a restructuring at Amanat on 27 June 2024, the ownership of Middlesex Associates FZ LLC and NEMA Holding Company LLC investees was transferred to the Company through a transfer of shares. These consolidated financial statements reflect the financial performance and position of the Company and its subsidiaries, as well as the carrying amount and share of results of its associate, as if the combination had occurred from the beginning of the earliest period presented.

On 2 December 2025, following the required regulatory approvals (obtained on 29 September 2025), The Company completed its Initial Public Offering (IPO) of 30,720,400 of its shares (representing 30% of the Company’s share capital) and listed on the main market of the Saudi Exchange, Tadawul, (Trading symbol – 6019), accordingly, converting to a Saudi Joint Stock Company. The Company has initiated the process of amending its bylaws and completing the necessary legal procedures to update its legal documents as per regulatory requirements, to reflect its conversion to a Saudi Public Joint Stock Company.

Subsidiaries of the Group

<i>Name</i>	<i>Equity interest</i>		<i>Country of incorporation</i>	<i>Principal activities</i>
	2025	2024		
Middlesex Associates FZ-LLC (“Middlesex University”) *	100%	100%	United Arab Emirates	Leading university providing tertiary education
Human Development Company LLC (“HDC”)	60%	60%	Kingdom of Saudi Arabia	Special education needs and care and rehabilitation services
Human Rehabilitation Company LLC**	60%	60%	Kingdom of Saudi Arabia	Special education needs and care and rehabilitation services

The Group holds several other subsidiaries with a 100% (2024: 100%) equity interest in the United Arab Emirates, both directly and indirectly, which primarily act as investment vehicles and are non-operational in nature, listed as follows:

- AHE Alpha Ltd
- AH Alpha Investments Holdings 1 Ltd
- AH Alpha Investments Holdings 2 Ltd
- AH Alpha Investments Holdings 3 Ltd
- HDC for Investments LLC**

* Investment held via AHE Alpha Ltd.

**Investment held via Human Development Company LLC.

Al Masar Al Shamil Education Company (A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

1 CORPORATE INFORMATION (continued)

Associate of the Group

Name	Equity interest		Country of incorporation	Principal Activities
	2025	2024		
NEMA Holding Company LLC ("NEMA")	35%	35%	United Arab Emirates	Leading tertiary education provider

During June 2025, NEMA completed the acquisition of a 51% equity stake in Biz Group which has been accounted for as a subsidiary and consolidated in NEMA consolidated financial statements from the acquisition date.

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (collectively referred to as "IFRS endorsed in the Kingdom of Saudi Arabia").

The consolidated financial statements have been prepared on a historical cost basis, except for employee defined benefit obligations which are stated at the present value of their obligation using the projected unit credit method. The consolidated financial statements are presented in Saudi Riyal (SAR) and all values are rounded to the nearest thousand (SAR'000), except where otherwise indicated.

As the transfer of investees from Amanat to the Company is accounted for as a business combination under common control (Note 1), the Group has elected to account for transfer of ownership interests of investees retrospectively for all the periods presented. No change in ownership interests of the investees has occurred since their acquisition by Amanat.

In making the going concern assessment, the Group has considered a wide range of information relating to present and future projections of profitability, cash flows and other capital resources etc. The management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements have been prepared on a going concern basis.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (as listed in Note 1) for the periods presented in these consolidated financial statements. 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
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the 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(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.2 BASIS OF CONSOLIDATION (continued)

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 control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The consolidated statement of profit or loss and each component of OCI are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on 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 related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in consolidated statement of profit or loss. Any investment retained is recognized at fair value.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a) Business combinations under common control

A business combination is a business combination involving entities under common control, if the combining entities are ultimately controlled by the same party (or parties) both before and after the combination and common control is not transitory.

Business combinations involving entities under common control are accounted for using the pooling of interests method. Under this method, assets and liabilities are recognised at carrying values already recorded in the financial statements (i.e. book values) of the acquirees and no fair value adjustments are made therein. Intangible assets and contingent liabilities are recognised only to the extent that they were recognised by the acquirees in accordance with applicable IFRS.

The cost of acquisition is measured as the aggregate of consideration transferred and the value of net assets of the acquirees as at the date of acquisition. Acquisition costs incurred are expensed and included in administrative and general expenses.

Goodwill is not recognized at acquisition and the difference between the acquirer's cost of investment and the acquiree's equity is presented as adjustment within equity on consolidation.

Non-controlling interests, if any, are measured as a proportionate share of the book values of the related assets and liabilities. Profit or loss includes results of the acquirees for the period from the first day of the year in which acquisition occurs till the reporting date.

b) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

b) Investments in associates (continued)

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associates. Any change in Other Comprehensive Income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss within operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associates are generally prepared for the same reporting period as the Group, when necessary, adjustments are made to bring the accounting period and policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within 'Share of results of associates' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in consolidated statement of profit or loss.

c) 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
 - Held primarily for the purpose of trading
 - Expected to be realized within twelve months after the reporting period
- Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

d) Fair value measurement

The Group measures financial instruments such as financial assets at FVOCI, derivative financial instruments and contingent consideration at fair value at each reporting date.

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 takes place either:

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

e) Revenue

The Group recognizes revenue from contracts with customers applying the five - step model outlined in IFRS 15 "*Revenue from contracts with customers*".

Step 1: Identify the contract(s) with a customer. A contract is an agreement between two or more parties that creates enforceable rights and obligations, and sets the criteria for every contract that must be met.

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

e) Revenue (continued)

Step 4: Allocate the transaction price to the performance obligations. For contracts with multiple performance obligations, the Group allocates the transaction price to each obligation based on the amount of consideration expected to be entitled in exchange for satisfying each obligation.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Tuition fees

Revenue from educational services is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group, based on a fixed contract price that is payable yearly in the contract.

Special Care and Education service fees

Revenue from special care and education services is recognized over the period of the academic term in which the services are provided, net of any discounts, as the customer simultaneously receives and consumes the benefits provided by the Group.

Administrative and other service fees from students

Administrative and other service fees from students are recognized either at a point in time when the services have been rendered to the students or over time when the students simultaneously receive and consume the benefits provided by the Group, net of any discounts.

Joint services agreements (Schools)

Share of revenue from joint services agreements is recognized on a straight-line basis over the period of each academic term.

Contract balances

Contract assets

A contract asset is initially recognized for revenue earned from services because the receipt of consideration is conditional on successful completion of the service. Upon completion of the service and acceptance by the customer, the amount recognized as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Refer to the accounting policies on impairment of financial assets in section (m) Financial instruments – initial recognition and subsequent measurement.

Trade receivables

A receivable is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (m) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

f) Government grants

Grants are recognized at their fair value where there is reasonable assurance that the grant will be received. Grants are recognized in the consolidated statement of profit or loss under Other operating income over the period necessary to match them with the expense that they are intended to compensate.

g) Value added tax

Expenses and assets are recognized net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated financial statements.

h) Foreign currencies

The Group's consolidated financial statements are presented in SAR, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to consolidated statement of profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to consolidated statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into SAR at the rate of exchange prevailing at the reporting date and their consolidated statement of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to consolidated statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

i) Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws of Saudi Arabia, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

j) Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in consolidated statement of profit or loss as incurred.

Construction in progress is stated at cost, net of accumulated impairment losses, if any. No depreciation is charged on capital work in progress.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

➤ Leasehold improvements	Shorter of asset life and lease term
➤ Buildings	12 to 17 years
➤ Academic equipment	3 to 6 years
➤ Medical equipment	6 years
➤ Furniture and fixtures	6 to 10 years
➤ Other assets	3 to 10 years

An item of property and equipment and any significant part initially recognized is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

k) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings and offices 3 to 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (m) Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

l) Borrowing costs

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

m) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section (e) Revenue.

Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost includes trade and other receivables and due from a related party.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

m) Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include accounts and other payables, lease liabilities, due to a related party, loans and borrowings and other long-term liabilities.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

m) Financial instruments – initial recognition and subsequent measurement (continued)

ii) Financial liabilities (continued)

Subsequent measurement

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has designated a contingent consideration for the acquisition of a subsidiary as a financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in consolidated statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When 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.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

n) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

n) Impairment of non-financial assets (continued)

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in

prior years. Such reversal is recognized in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. 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.

o) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories are determined on a weighted average basis. Net realizable value is the estimated selling price for inventories less estimated costs of completion and cost necessary to make the sale. Write-down of inventories to net realizable value is recognized in the consolidated statement of profit or loss.

p) Cash and bank balances

Cash and bank balances in the consolidated statement of financial position comprise cash at banks and on hand and term deposits.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits with an initial maturity of three months or less, net of any outstanding bank overdrafts.

q) Provisions, contingent assets and liabilities

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Contingent assets and liabilities

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

r) Employee benefits

Employee defined benefit liabilities

The employee defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income are reflected immediately in other reserves and are not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. 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 categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- re-measurements

The Group presents the first two components of defined benefit costs (i.e. service cost and interest expense) in profit or loss in relevant line items.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, and annual leave which are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Retirement benefits

Retirement benefits made to defined contribution plans are expensed when incurred.

s) Intangible assets

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

The Group's intangible assets are amortized on a straight-line basis over useful economic lives of the assets (refer to Note 10 for further details).

- | | |
|---|---------------|
| ➤ Expat student relationships | 14 years |
| ➤ Licensing and academic services agreement | 30 years |
| ➤ Brand names | 10 - 25 years |

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

s) Intangible assets (continued)

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

t) Tax and Zakat

Zakat

The Group's KSA subsidiaries are subject to Zakat on the computed Zakat base in accordance with the regulations of Zakat, Tax and Customs Authority ("Authority" or "ZATCA") in the Kingdom of Saudi Arabia which is subject to interpretations. Zakat and tax are charged to the consolidated statement of profit or loss.

The Group's management establishes provisions where appropriate on the basis of amounts expected to be paid to the ZATCA and periodically evaluates positions taken in the Zakat returns with respect to applicable pronouncements and interpretation in subsequent periods.

Current taxes

The Group is subject to income tax in accordance with the UAE corporate tax law. The Group's Tax is charged to the consolidated statement of profit or loss.

The Group's management establishes provisions where appropriate on the basis of amounts expected to be paid to the UAE Federal Tax Authority and periodically evaluates positions taken in the Tax returns with respect to applicable pronouncements and interpretation in subsequent periods.

Deferred taxes

Deferred taxes are amounts payable or recoverable in future periods with respect to taxable temporary differences. The Group recognizes a deferred tax liability / (asset) whenever recovery or settlement of the carrying amount of a liability or an asset would make future tax payments larger / (smaller) than they would be if such recovery or settlement were to have no tax consequences. Any such deferred tax liabilities / (assets) are recorded at the tax rates that are expected to apply when the liability is settled or asset is realized and have been enacted or substantively enacted at the reporting period date. No deferred taxes are recorded on Goodwill acquired in business combinations.

The Group's management also applies judgement in determining the amount of deferred taxes to be recorded based on their understanding of the relevant tax laws and re-evaluates the impact of any subsequent issuance of interpretations and clarifications by the relevant tax authorities.

2.4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS OF ACCOUNTING STANDARDS

New standards and interpretations effective adopted by the Group effective 1 January 2025

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The below amendment applies for the first time in 2025, but does not have a significant impact on the consolidated financial statements of the Group.

Amendment to IAS 21 – Lack of exchangeability: IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.

Accounting standards issued but still subject to the endorsement by SOCPA

- IFRS S1, 'General requirements for disclosure of sustainability-related financial information: This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- IFRS S2, 'Climate-related disclosures: This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

2.4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS OF ACCOUNTING STANDARDS (continued)

New standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published which have not been early adopted by the Group and the impact of these (if any) on the disclosures in the consolidated financial statements is being assessed.

- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations, and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full. The effective date is deferred indefinitely.
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system. The effective date is 1 January 2026.
- IFRS 18, Presentation and Disclosure in Financial Statements: IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as management-defined performance measures (MPMs). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences. The effective date is 1 January 2027.
- IFRS 19 - Reducing subsidiaries disclosures: IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards. The effective date is 1 January 2027.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of Performance Obligations

Revenue recognition requires management to exercise significant judgement in identifying all distinct performance obligations within contracts with students. This involves assessing the nature, timing, and delivery of educational services to determine which services constitute separate obligations. Management also applies judgement in allocating the total transaction price to each identified performance obligation based on their relative stand-alone selling prices. These judgements directly impact the timing and amount of revenue recognized in the financial statements in accordance with IFRS 15.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Determining the lease term of contracts with renewal and termination options – Group as lessee (continued)

The Group's lease contracts include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group included the renewal periods as part of the lease term for leases of campus building and offices with shorter remaining non-cancellable period (i.e., one year). The Group typically exercises its option to renew these leases because there will be a significant negative effect on the business if a replacement asset is not readily available and with significant costs to be incurred. The renewal periods for leases of land, buildings with longer remaining non-cancellable periods (i.e., 6 to 39 years from the reporting date) are not included part of the lease terms as they are not reasonably certain to be exercised.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets (including goodwill and intangible asset with indefinite useful life)

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the most recent projections for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purpose. These estimates are most relevant to goodwill and intangible asset with indefinite useful life recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 10.

Fair value measurement of other long-term liabilities

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor (refer to Note 10 for details).

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Allowance for expected credit losses of fee receivables

The Group uses a provision matrix to calculate ECLs for fee receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Allowance for expected credit losses of fee receivables (continued)

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 22.

4 REVENUE AND COST OF REVENUES

4.1 Disaggregated revenue information

Revenue is related to education services rendered in the Kingdom of Saudi Arabia and the United Arab Emirates.

	2025	2024
	SAR'000	SAR'000
Type of service		
Tuition fees, net of scholarships awarded	274,666	226,651
Special education and care needs services	210,867	168,268
Administrative and other service fees from students	35,973	26,870
Share of revenue from joint services agreements	12,361	15,276
Total revenue	533,867	437,065

	2025	2024
	SAR'000	SAR'000
Timing of revenue recognition		
Services transferred over time	523,151	431,561
Services transferred at a point in time	10,716	5,504
Total revenue	533,867	437,065

4.2 Contract balances

	2025	2024
	SAR'000	SAR'000
Trade receivables, net (Note 12)	140,721	115,978
Contract liabilities (see below)	79,690	62,565
Accrued share of revenue from joint services agreements (Note 12)	18,166	15,168
Amounts due under joint services agreements (Note 12)	4,506	5,261

Trade receivables

Trade receivables are non-interest bearing and are generally on terms of 0 to 90 days from the date of service. For the year ended 31 December 2025, SAR 17,395 thousand (2024: SAR 4,951 thousand) was recognised as allowance for expected credit losses on trade and other receivables in the consolidated statement of profit or loss.

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4 REVENUE AND COST OF REVENUES (continued)

Contract liabilities

Contract liabilities comprise of fees collected in advance from students and deferred revenue in relation to educational services that are short-term in nature.

4.3 Performance obligations

The performance obligation of most the Group's revenue is satisfied over time on a straight-line basis over the academic period of the course or program that students are enrolled in, and payment is generally due between 30 and 90 days of the invoice or based on an agreed payment plan.

4.4 COST OF REVENUES

	2025	2024
	SAR'000	SAR'000
Salaries and employees' related costs	170,462	136,219
Royalty and profit-sharing arrangements for academic services	36,896	29,364
Depreciation of right-of-use assets (Note 9)	31,136	26,712
Student related expenses	29,331	19,179
Depreciation of property and equipment (Note 8)	10,588	8,123
Share of direct costs from joint services agreements (Note 4.5)	7,536	6,147
Short-term leases (Note 9)	1,269	994
Other direct costs	7,885	7,263
	295,103	234,001

4.5 Joint operations

During the normal course of business, the Group enters into third party joint operations agreements to jointly operate and manage educational service centres for special care and needs students. Revenues and associated costs derived from these joint operations are allocated to the Group at contractually agreed percentages and the related amounts are disclosed in Notes 4.1 and 4.4, respectively.

5 GENERAL, SELLING AND ADMINISTRATIVE EXPENSES

	2025	2024
	SAR'000	SAR'000
Salaries and employees' related costs	60,142	45,125
Marketing and Student recruitment costs*	20,180	13,056
Expected credit losses on trade & other receivables (Note 12)	17,395	4,951
Legal and professional fees	8,690	6,109
Depreciation of property and equipment (Note 8)	6,529	4,246
Amortization of intangible assets (Note 10)	5,750	5,750
IPO related expenses	5,380	-
IT expenses	5,222	3,614
Short-term leases	2,948	1,480
Board and committee remuneration	2,762	705
Depreciation of right-of-use assets (Note 9)	147	-
Other expenses	20,770	13,594
	155,915	98,630

* During the year ended 31 December 2025, certain external costs related to student recruitment presented within legal and professional fee in the prior year were reclassified to Marketing & Student recruitment costs.

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6 OTHER OPERATING INCOME

	2025 SAR'000	2024 SAR'000
Grant income*	32,589	28,224
Other income	3,279	5,154
	35,868	33,378

* Represents contribution received by the Group's subsidiary, Human Development Company LLC, from the Ministry of Human Resources and Social Development of the Kingdom of Saudi Arabia in relation to Saudization initiatives.

7 FINANCE INCOME AND FINANCE COSTS

7.1 Finance income

	2025 SAR'000	2024 SAR'000
Interest on term deposits	7,379	3,664

7.2 Finance costs

	2025 SAR'000	2024 SAR'000
Finance costs on financing from banks (Note 17)	2,962	2,494
Finance costs on lease liabilities (Note 9)	5,635	6,454
Others	-	244
	8,597	9,192

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8 PROPERTY AND EQUIPMENT

	<i>Land and Buildings SAR'000</i>	<i>Leasehold improvements SAR'000</i>	<i>Medical equipment SAR'000</i>	<i>Academic equipment SAR'000</i>	<i>Furniture and fixtures SAR'000</i>	<i>Other assets* SAR'000</i>	<i>Capital work in progress (1) SAR'000</i>	<i>Total SAR'000</i>
Cost:								
At 1 January 2024	-	33,267	5,910	9,999	16,286	18,821	26,599	110,882
Additions	36	7,759	137	4,330	1,542	1,245	42,928	57,977
Transfers	20,919	12,848	43	-	1,393	91	(35,294)	-
Transfer from right-of-use assets	3,676	-	-	-	-	-	-	3,676
Reclassifications	-	3,429	-	-	(822)	(2,710)	-	(103)
Write-offs	-	-	-	-	(23)	-	-	(23)
At 31 December 2024	24,631	57,303	6,090	14,329	18,376	17,447	34,233	172,409
Additions	11,066	12,429	232	3,881	4,159	1,821	24,738	58,326
Disposals	-	-	-	-	(50)	(33)	-	(83)
Transfers	19,891	14,938	76	-	1,344	4,420	(40,669)	-
At 31 December 2025	55,588	84,670	6,398	18,210	23,829	23,655	18,302	230,652
Accumulated depreciation and impairment:								
At 1 January 2024	-	15,029	2,635	7,844	9,511	13,049	-	48,068
Charge for the year (2)	957	5,763	696	1,385	1,767	1,801	-	12,369
Write-off	-	-	-	-	(23)	-	-	(23)
Reversal of impairment	-	-	-	-	-	(2,100)	-	(2,100)
Reclassifications	-	676	1,354	-	(705)	(1,428)	-	(103)
At 31 December 2024	957	21,468	4,685	9,229	10,550	11,322	-	58,211
Charge for the year (2)	1,592	7,721	772	2,618	2,217	2,197	-	17,117
Disposals	-	-	-	-	(8)	(7)	-	(15)
At 31 December 2025	2,549	29,189	5,457	11,847	12,759	13,512	-	75,313
Net carrying amounts:								
At 31 December 2025	53,039	55,481	941	6,363	11,070	10,143	18,302	155,339
At 31 December 2024	23,674	35,835	1,405	5,100	7,826	6,125	34,233	114,198

* Other assets mainly comprise office equipment, vehicles and computers & software.

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8 PROPERTY AND EQUIPMENT (continued)

- (1) Capital work in progress includes expenditure related to expansion projects undertaken by the Group's subsidiary, HDC, in the Kingdom of Saudi Arabia.
- (2) Depreciation charge for the year has been allocated to the consolidated statement of profit or loss as follows:

	2025 SAR'000	2024 SAR'000
Cost of revenues (Note 4.4)	10,588	8,123
General, selling and administrative expenses (Note 5)	6,529	4,246
	17,117	12,369

The cost of fully depreciated assets still in use as at 31 December 2025 is SAR 34,954 thousand (2024: SAR 24,119 thousand).

9 LEASES

The Group has lease contracts for buildings and offices. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. The Group also has certain leases of residential units and offices with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	2025 SAR'000	2024 SAR'000
As at 1 January	97,118	85,218
Additions	77,064	43,030
Modification	(2,654)	(742)
Transfer to property and equipment (Note 8)	-	(3,676)
Depreciation	(31,283)	(26,712)
As at 31 December	140,245	97,118

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2025 SAR'000	2024 SAR'000
As at 1 January	103,182	85,352
Additions	77,064	43,030
Accretion of interest *	7,397	6,454
Modification	(2,654)	(742)
Payments	(38,870)	(30,912)
As at 31 December	146,119	103,182
Current	23,382	29,744
Non-current	122,737	73,438

The maturity analysis of lease liabilities is disclosed in Note 22.

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9 LEASES (continued)

The following are the amounts recognized in the consolidated statement of profit or loss with respect to leases:

	2025 SAR'000	2024 SAR'000
Depreciation - direct (Note 4.4)	31,136	26,712
Depreciation - indirect (Note 5)	147	-
Interest expense (Note 7.2) *	5,635	6,454
Short-term leases – direct (Note 4.4)	1,269	994
Short-term leases – indirect (Note 5)	2,948	1,480
	<hr/>	<hr/>
Total amount recognized in profit or loss	41,135	35,640
	<hr/>	<hr/>

* The Group's total interest expense on leases amounted SAR 7,397 thousand, of this amount, SAR 1,762 thousand was capitalized within Property and Equipment related to a project under construction at HDC. while the remaining SAR 5,635 thousand was recognized as an expense in the consolidated statement of profit or loss.

The Group does not have lease contracts that contain variable payments. The Group's lease contracts contain extension and termination options, which are discussed in Note 3.

10 BUSINESS COMBINATIONS

The following intangible assets of the Group have been acquired through business combinations made by Amanat and transferred to the Company as part of a group restructuring and accounted for as business combination of entities under common control (Refer to Notes 1 & 2.1):

	Goodwill SAR'000	Agreements and student relationship with definite useful lives SAR'000	Brand names with definite useful lives SAR'000	Total SAR'000
Cost:				
At 1 January 2024, 31 December 2024, & 31 December 2025	500,267	142,583	3,840	646,690
	<hr/>	<hr/>	<hr/>	<hr/>
Amortization:				
At 1 January 2024	-	25,682	224	25,906
Amortisation (Note 5)	-	5,526	224	5,750
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2024	-	31,208	448	31,656
Amortisation (Note 5)	-	5,526	224	5,750
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2025	-	36,734	672	37,406
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amounts				
At 31 December 2025	500,267	105,849	3,168	609,284
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2024	500,267	111,375	3,392	615,034
	<hr/>	<hr/>	<hr/>	<hr/>

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10 BUSINESS COMBINATIONS (continued)

Goodwill arising on business combinations is related to the following cash generating units:

	2025 SAR'000	2024 SAR'000
Middlesex University (1)	279,848	279,848
Human Development Company (2)	220,419	220,419
	500,267	500,267

(1) Middlesex Associates FZ-LLC

On 2 August 2018, the Group acquired 100% of the shares and voting interests in Middlesex Associates FZ-LLC ("Middlesex University") for a total consideration of SAR 423,561 thousand.

Fair value measurement

The Group engaged an independent expert to provide valuation support with respect to the determination of the fair values of the assets acquired and liabilities assumed under IFRS 3 whereby a separately identifiable intangible asset was identified in relation to an agreement the subsidiary has entered into with Middlesex UK, which was estimated to have a fair value of SAR 134,783 thousand at the acquisition date and a useful life of 30 years from the date of acquisition. Accordingly, SAR 134,783 thousand was reduced from the initially recognised amount of goodwill resulting in adjusted goodwill of SAR 279,848 thousand at acquisition.

(2) Human Development Company LLC

On 27 October 2022, the Group acquired 60% of the voting shares of Human Development Company LLC ("HDC"), an unlisted holding company based in the Kingdom of Saudi Arabia and its 100% owned subsidiary, Human Rehabilitation Company LLC, both of which are engaged in the provision of special education and care needs services, for a total cash consideration of SAR 220,305 thousand in addition to contingent consideration of up to SAR 47,120 thousand payable in two tranches of SAR 14,660 thousand and SAR 32,460 thousand in 2023 and 2024, respectively, and dependent on financial performance. The fair value of the contingent consideration at acquisition was estimated to be SAR 46,514 thousand on an undiscounted basis or SAR 44,656 thousand on a discounted basis and was calculated based on a probability assessment utilizing multiple performance scenarios over the performance period, which was fully settled as of 31 December 2024. The acquisition was accounted for using the acquisition method under IFRS 3 Business Combinations.

Fair value measurement

The Group engaged an independent expert to provide valuation support with respect to the determination of the fair values of the assets acquired and liabilities assumed under IFRS 3 whereby separately identifiable intangible assets have been identified in relation to agreements with joint ventures, expat student relationships and brand name with acquisition-date estimated fair values of SAR 2,520 thousand, SAR 5,280 thousand and SAR 3,840 thousand, respectively, and estimated useful lives of 4 years, 14 years and 25 years, respectively. As a result, the initial goodwill at acquisition amounted to SAR 220,419 thousand.

(3) Goodwill impairment assessment

The Group performs its annual impairment test at year-end and when circumstances indicate that the carrying value may be impaired, whereby the impairment test is based on value-in-use calculations.

Middlesex Associates FZ-LLC

The Group performed an impairment test on goodwill as at 31 December 2025. The recoverable amount of the CGU has been determined at 31 December 2025 based on a value in use calculation using cash flow projections. The cash flows are derived from the most recent projections for the next five years. Cash flows beyond the 5-year period are extrapolated using a growth rate, which management believes approximates the long-term average growth rate for the industry in which the cash-generating unit operates.

The pre-tax discount rate applied to the cash flow projections is 11.5% (2024: 10.8%). Based on the analysis performed, no impairment to goodwill has been identified.

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10 BUSINESS COMBINATIONS (continued)

(3) Goodwill impairment assessment (continued)

Human Development Company LLC

The Group has performed an impairment test on goodwill as at 31 December 2025. The recoverable amount of the CGU has been determined at 31 December 2025 based on a value in use calculation using cash flow projections. The cash flows are derived from the most recent projections for the next five years. Cash flows beyond the 5-year period are extrapolated using a growth rate, which management believes approximates the long-term average growth rate for the industry in which the cash-generating unit operates. The pre-tax discount rate applied to the cash flow projections is 11.5% (2024: 10.8%). Based on the analysis performed, no impairment to goodwill has been identified.

The calculation of value in use is most sensitive to the following assumptions:

Revenue

Middlesex Associates FZ-LLC

Revenue is mainly determined based on the number of students enrolled at the university. Management took into consideration the growth in student numbers in the past 3 years and applied estimates for future enrolments based on expected demand for the university's offerings and programs, both locally and internationally. A reasonable decrease of 5% in the expected number of students is not expected to result in any impairment to goodwill.

Human Development Company LLC

Revenue is mainly determined based on the number of students enrolled at the special care and rehabilitation centers. Management took into consideration the historical growth in student numbers and applied estimates for future growth in number of rehabilitation centers and underlying student enrolments. A reasonable decrease of 5% in the expected number of students is not expected to result in any impairment to goodwill.

Discount rate

The discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from the weighted average cost of capital (WACC) of each individual CGU. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment from a willing market participant and the cost of debt is based on an estimate of debt available to willing market participants. Segment-specific risk is incorporated by applying individual beta factors.

Any reasonable rise of 0.25% in the discount rate is not expected to result in any impairment to goodwill related to Middlesex Associates FZ-LLC or Human Development Company LLC.

Growth Rate

The growth rate represents management's best estimate of the applicable market growth rate for the industry segments in which it operates. In 2025 and 2024, management utilized growth rate of 2.5% for Middlesex Associates FZ-LLC and 3% for Human Development Company. Any reasonable decrease in the growth rate by 0.5% is not expected to result in any impairment to goodwill related to Middlesex Associates FZ-LLC and Human Development Company LLC.

11 INVESTMENT IN AN ASSOCIATE

The Group has a 35% interest in NEMA Holding Company LLC, acquired on 6 March 2018. NEMA is involved in the provision of tertiary education and vocational services in Abu Dhabi, United Arab Emirates. NEMA is a private entity that is not listed on any public exchange. The Group's interest in NEMA is accounted for using the equity method in the consolidated financial statements.

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11 INVESTMENT IN AN ASSOCIATE (continued)

The carrying value of the Group's investment in associate is as follows:

	2025 SAR'000	2024 SAR'000
NEMA Holding Company LLC ("NEMA")	427,236	401,893

The movement in the investment in associate is as follows:

	2025 SAR'000	2024 SAR'000
At the beginning of the year	401,893	389,702
Share of results	55,115	32,918
Amortization of PPA assets	(3,033)	(3,033)
Share of results in profit or loss	52,082	29,885
Dividends	(26,739)	(17,694)
At the end of the year	427,236	401,893

The following table illustrates the summarized financial information of the Group's investment in NEMA as at and for year ended 31 December:

	2025 SAR'000	2024 SAR'000
Current assets	300,514	221,000
Non-current assets	1,214,371	1,154,729
Current liabilities	(226,237)	(225,220)
Non-current liabilities	(401,206)	(350,478)
Non-controlling interests	(6,337)	-
Equity attributable to the equity holders of NEMA	881,105	800,031
Group's share in net assets at 35%	308,387	280,011
Goodwill and intangibles at acquisition	132,653	132,653
Costs of acquisition capitalized	9,484	9,484
Amortization of PPA assets	(23,288)	(20,255)
Group's carrying amount of the investment	427,236	401,893
Revenue	770,065	569,576
Net Profit	157,473	94,052
Group's share of profit at 35%	55,115	32,918

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12 TRADE AND OTHER RECEIVABLES

	2025 SAR'000	2024 SAR'000
Trade receivables	168,518	139,178
Less: allowance for expected credit losses	(27,797)	(23,200)
	140,721	115,978
Prepayments	10,881	5,502
Refundable deposits	4,265	3,970
Accrued share of revenue from joint services agreements	18,166	15,168
Accrued interest on term deposits	1,384	-
Advances to suppliers	5,874	4,218
Amounts due under joint operations agreements	4,506	5,261
Other receivables	12,980	4,664
	198,777	154,761

The movement in the allowance for expected credit losses is as follows:

	2025 SAR'000	2024 SAR'000
At 1 January	23,200	28,563
Charge for the year (Note 5)	17,395	4,951
Write-offs	(12,798)	(10,314)
At 31 December	27,797	23,200

Information regarding the Group's credit exposures is disclosed in Note 22.

13 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by the Group and such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Significant related parties' transactions for the year ended 31 December are as follows:

Related Party	Nature of Relationship	Nature of transaction	2025 SAR'000	2024 SAR'000
Amanat Holdings PJSC	Ultimate Parent	Collections/Payments of amounts on behalf	5,892	2,880
Other related party	Key management personnel and minority shareholder	Purchase of land Property lease at HDC	3,994 450	644
Nema Holding Company LLC	Associates	Key management personnel fee *	7,329	2,943

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13 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Balances with related parties

	2025 SAR'000	2024 SAR'000
Due from related parties		
Associate (Note 11)	-	8,847
	<u>-</u>	<u>8,847</u>
At 31 December	<u>-</u>	<u>8,847</u>
Due to related parties		
Ultimate Parent	-	2,880
	<u>-</u>	<u>2,880</u>
	<u>-</u>	<u>2,880</u>

* Management fee expense is included under share of results of an associate for services provided by a key management member of the Company to the associate. The above management fee represents the Group's share of the expense.

There were no other material transactions with related parties during the years presented above. Dividend received from the associate is disclosed in Note 11.

Key management personnel remunerations

Group key management personnel compensation disclosed in Note 5, comprise the following:

	2025 SAR'000	2024 SAR'000
Short-term benefits	19,299	9,632
Post-employment benefits	620	300
	<u>19,299</u>	<u>9,632</u>
	<u>620</u>	<u>300</u>

The amounts disclosed above are the amounts recognised as expense during the financial years presented above related to key management personnel.

14 CASH AND BANK BALANCES

Cash and bank balances in the consolidated statement of financial position comprise the following:

	2025 SAR'000	2024 SAR'000
Cash on hand	10	17
Current accounts with banks	78,674	113,488
Banks term deposits	260,516	87,462
	<u>339,200</u>	<u>200,967</u>
Cash and bank balances	<u>339,200</u>	<u>200,967</u>

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14 CASH AND BANK BALANCES (continued)

Cash and cash equivalents in the consolidated statement of cash flows comprise the following:

	2025 SAR'000	2024 SAR'000
Cash and bank balances	339,200	200,967
Less:		
Bank term deposits (with initial maturity of more than 3 months)	(80,182)	(26,795)
Cash and cash equivalents	259,018	174,172

The total interest income from bank term deposits for the year ended 31 December 2025 was SAR 7,379 thousand (2024: 3,664 thousand), of which SAR 5,995 thousand was received in cash (2024: 3,664 thousand). The term deposits earn a profit rate ranging between 4.4% to 6% annually.

Cash and bank balances are subject to the impairment assessment requirements of IFRS 9 and no such impairment has been identified.

15 SHARE CAPITAL AND STATUTORY RESERVE

15.1 Share capital

During 2024, upon obtaining required regulatory approvals, The Ultimate Parent (Amanat) resolved to increase the share capital of the Company to SAR 1,024 million through a conversion of the shareholder contribution balance as of 30 June 2024.

In December 2025, the Company completed its initial public offering, whereby 30% of the Company's share capital was listed on the Saudi Exchange "Tadawul". Following the listing, Amanat retains a 70% ownership interest, while the remaining 30% is held by public shareholders.

The share capital of the Company as of 31 December 2025 is SAR 1,024 million (2024: SAR 1,024 million) represented by 102,401 thousand ordinary shares (2024: 102,401 thousand) in issuance of SAR 10 each.

15.2 Statutory reserve

The Company previously established a statutory reserve in accordance with the requirements of the former Companies Law, however, this reserve is no longer required under current legislation. Such reserves are not available for shareholder distribution.

16 SHAREHOLDERS CONTRIBUTIONS

The shareholders contributions represented equity contribution made by Amanat to the Company by way of transfer of investees owned by Amanat to the Company in addition to settlement of the related contingent consideration made on behalf of the Company, which were entirely converted to share capital (Note 15.1).

17 FINANCING FROM BANKS

	2025 SAR'000	2024 SAR'000
Revolving bank facilities (1)	54,989	45,750
Term loans (2) (3)	42,187	16,915
	97,176	62,665

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17 FINANCING FROM BANKS (continued)

Movement in financing from banks during the year is as follows:

	2025 SAR'000	2024 SAR'000
As at 1 January	62,665	12,029
Proceeds	108,720	74,938
Repayments	(74,209)	(24,302)
As at 31 December	97,176	62,665
Current	54,989	45,750
Non-current	42,187	16,915
As at 31 December	97,176	62,665

- (1) Revolving bank facilities are utilized by the Group's subsidiary, HDC, to finance short-term working capital requirements, where required, with a maturity ranging between 6 – 12 months and accrue profit at competitive rates.

The Group's term loans comprise the following:

- (2) Shariah-compliant financing facilities availed by HDC, amounting to SAR 28.8 million, to acquire land and building in relation to its on-going expansion projects in the Kingdom of Saudi Arabia. These facilities carry a profit mark-up in line with market rates and are repayable in quarterly installments over a period of three years. As of 31 December 2025, an amount of SAR 16.8 million remains outstanding.
- (3) During the year ended 31 December 2025, HDC obtained an additional long-term Shariah-compliant financing facility of SAR 50 million to finance its ongoing expansion projects. The facility carries a profit mark-up in line with prevailing market rates and is repayable in semi-annual installments over a period of five years. As at 31 December 2025, SAR 25.4 million has been drawn down from this facility. The facility is subject to certain financial and non-financial covenants, which are required to be maintained and tested annually. The Group was in full compliance with all applicable covenants as at 31 December 2025.

The Group incurred total finance costs on borrowings amounting to SAR 4,759 thousand. Of this amount, SAR 1,797 thousand was capitalized as part of the cost of qualifying property, plant, and equipment in accordance with IAS 23 "Borrowing Costs," while the remaining SAR 2,962 thousand was recognized as an expense in the consolidated statement of profit or loss. During the year, the Group paid SAR 4,257 thousand of interest on borrowings.

Term loans included above are secured by a corporate guarantee from the shareholders of HDC, personal guarantees from minority shareholders of HDC and certain land properties owned by HDC (Note 8).

18 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

The Group's employee benefit obligation for long-service payments under a government-mandated plan is based on a comprehensive actuarial valuation as of the end of the reporting period:

Reconciliation of the present value of employees' defined benefit liabilities

	2025 SAR'000	2024 SAR'000
Balance as at 1 January	20,396	16,719
Defined benefit cost	8,046	6,631
Actuarial remeasurement loss/(gain)	1,346	(1,375)
Payments made during the year	(2,589)	(1,579)
Balance as at 31 December	27,199	20,396

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18 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS (continued)

Charge to the statement of comprehensive income

	2025 SAR'000	2024 SAR'000
Current service cost	7,150	6,631
Finance cost on benefit obligation	896	-
Total expenses charged to profit or loss	8,046	6,631
Actuarial remeasurement loss/(gain)	1,346	(1,375)
Net charge to total comprehensive income	9,392	5,256

Significant assumptions

The significant assumptions used in determining the post-employment defined benefit obligation include the following:

	2025 %	2024 %
Discount rate - UAE	4.62	5.19
Discount rate - KSA	4.62	5.08
Salary increment rate - UAE	3.00	3.00
Salary increment rate - KSA	2.00	2.00

A quantitative sensitivity analysis for significant assumptions as at 31 December is as follows:

	Impact on defined Benefit obligation	
	2025 %	2024 %
Discount rate - UAE:		
0.5% increase	(1.80)	(2.00)
0.5% decrease	1.90	2.10
Discount rate - KSA:		
0.5% increase	(1.80)	(1.80)
0.5% decrease	1.90	1.90

	Impact on defined Benefit obligation	
	2025 %	2024 %
Salary increment rate - UAE:		
0.5% increase	2.20	2.30
0.5% decrease	(2.10)	(2.20)
Salary increment rate - KSA:		
0.5% increase	2.20	2.20
0.5% decrease	(2.10)	(2.10)

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18 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS (continued)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit obligation from reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The employee benefit plan exposes the Group to the following risks:

Discount risk

A decrease in the discount rate will increase the liability.

Final salary risk

The risk that the final salary at the time of cessation of service is greater than what is estimated. Since the benefit is calculated based on the employee's final salary, the benefit amount increases as salary increases.

Withdrawal risk

Benefits are paid when an employee leaves employment either through resignation or retirement. There is a risk of actual withdrawals being different from assumed withdrawals. The significance of withdrawal risk varies with the age, service and the entitled benefits.

Mortality risk

The risk that the actual mortality rate is different. The effect depends on the beneficiaries' service / age distribution and the benefit. Changes in the mortality rates are not expected to have a material impact on employees' defined benefits liabilities.

19 ACCOUNTS AND OTHER PAYABLES

	2025 SAR'000	2024 SAR'000
Accrued profit share	30,741	24,562
Zakat and income tax provision (Note 24.3)	16,028	13,104
Staff related accruals	13,916	6,202
Customer deposits	13,641	5,446
Accounts payable	13,187	4,966
Accrued royalty fee	3,927	3,100
Dividend payable to non-controlling interests	1,262	4,000
VAT payables, net	517	2,200
Other accruals and payables	14,656	5,781
	107,875	69,361

20 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic and diluted earnings per share has been based on profit for the year attributable to the equity holders of the Company and weighted average number of ordinary shares issued by the Company.

	2025	2024
Profit for the year attributable to the equity holders of the Company (SAR'000)	130,428	120,082
Weighted average number of ordinary shares ('000)	102,401	102,401
Basic and diluted earnings per share (SAR)	1.27	1.17

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21 COMMITMENTS AND CONTINGENCIES

21.1 Bank guarantees

	2025 SAR'000	2024 SAR'000
Bank guarantees	3,877	3,649

Banks guarantees are held against cash margins placed with issuing banks amounting to SAR 3,877 thousand as at 31 December 2025 (2024: SAR 3,649 thousand).

Below are details of the Group's share of an associate's contingent liabilities at the reporting date:

	2025 SAR'000	2024 SAR'000
Bank guarantees	35,722	30,977

21.2 Litigations

During the normal course of business, the Group enters into legal proceedings of a routine nature. The Group engages professional external legal advisors in relation to any such cases and based on legal advice received, the possibility of any adverse outcome has been assessed to be remote.

21.3 Capital commitments

The Group has capital commitments of SAR 31,795 thousand at 31 December 2025 (2024: 5,963 thousand) related to projects undertaken in the Kingdom of Saudi Arabia by the Group's subsidiary, HDC.

22 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

22.1 Financial assets

	2025 SAR'000	2024 SAR'000
Debt instruments at amortised cost		
Trade and other receivables (excluding prepayments & advances)	182,022	145,041
Due from a related party	-	8,847
Total financial assets (current)*	182,022	153,888

*Financial assets, other than cash and bank balances

22.2 Financial liabilities

	2025 SAR'000	2024 SAR'000
Interest-bearing borrowings and leases		
Lease liabilities	146,119	103,182
Financing from banks	97,176	62,665
	243,295	165,847

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22 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

	2025 SAR'000	2024 SAR'000
Financial liabilities at amortized cost		
Accounts and other payables (excluding staff related accruals and taxes)	77,414	47,855
Due to a related party	-	2,880
	77,414	50,735
Total financial liabilities	320,709	216,582
Total current	155,785	126,229
Total non-current	164,924	90,353

22.3 Fair values

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Management assessed that the fair values of cash and bank balances, trade and other receivables, accounts and other payables, financing from banks, and due from a related party approximate their carrying amounts as at each reporting date largely due to the short-term maturities of these instruments.

22.4 Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise accounts and other payables, financing from banks, due to a related party, and lease liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, due from a related party and bank balances that derive directly from its operations.

The Group is exposed to credit risk, liquidity risk, market risk, interest rate risk and currency risk.

The management has the overall responsibility for the establishment and oversight of the Group's risk management framework. The senior management are responsible for developing and monitoring the Group's risk management policies and report regularly to the shareholders on their activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

This note presents information relating to the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions.

The Group manages its credit risk exposure through diversification of deposits to avoid concentration of risk with institutions or group of institutions in specific location or business.

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at each reporting date is the carrying amounts of the financial assets disclosed in Note 22.1.

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22 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

22.4 Financial instruments risk management objectives and policies (continued)

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the treasury department of each business unit in accordance with set policies.

Exposure to credit risk is monitored on an ongoing basis. Cash balances are held with the banks and financial institutions which are rated A+ to BBB- based on Standard and Poor's credit ratings. The Group's credit exposure arises in the Kingdom of Saudi Arabia and the United Arab Emirates

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

Trade receivables relate to amounts receivable by Middlesex University and Human Development Company from students and government ministries for providing academic and special education services, accordingly.

Middlesex extends a credit period of 30 days to its debtors and no interest is charged on overdue receivables. Outstanding receivables are regularly monitored. At the reporting dates, there was no concentration risk related to the trade receivables.

HDC extends a credit period of 30 to 90 days to its debtors mainly comprising of Government entities and no interest is charged on overdue receivables. Outstanding receivables are regularly monitored. At 31 December 2025, HDC had 1 customer (2024: 1 customer) that accounted for approximately 87% (2024: 95%) of the total HDC trade receivables outstanding and 74% (2024: 78%) of the Group's trade receivables outstanding.

Impairment

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off when considered unrecoverable. The Group does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

31 December 2025

	Days past due					
	Total	Not past	0-60	61-120	121-365	>365
	SAR'000	due	days	days	days	days
		SAR'000	SAR'000	SAR'000	SAR'000	SAR'000
Estimated total gross carrying amount at default	168,518	133,254	2,611	1,298	10,172	21,183
Expected credit loss %	16%	0%	15%	27%	61%	98%
Expected credit loss	27,797	-	391	353	6,219	20,834

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22 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

22.4 Financial instruments risk management objectives and policies (continued)

31 December 2024

	Total SAR'000	Not past due SAR'000	Days past due			
			0-60 days SAR'000	61-120 days SAR'000	121-365 days SAR'000	>365 days SAR'000
Estimated total gross carrying amount at default	139,178	106,289	4,002	1,280	7,872	19,735
Expected credit loss %	17%	0%	17%	28%	52%	92%
Expected credit loss	23,200	-	660	354	4,077	18,109

Due from related parties

Balance due from related parties are settled on an as requested basis, and accordingly, the Group considers these balances to be fully recoverable.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

31 December 2025

	Less than 3 months SAR'000	3 to 12 months SAR'000	1 to 5 years SAR'000	After 5 years SAR'000	Total SAR'000
Accounts and other payables	30,663	46,751	-	-	77,414
Lease liabilities	11,934	20,043	70,992	115,403	218,372
Financing from banks	1,790	53,199	39,315	2,872	97,176
	44,387	119,993	110,307	118,275	392,962

31 December 2024

	Less than 3 months SAR'000	3 to 12 months SAR'000	1 to 5 years SAR'000	After 5 years SAR'000	Total SAR'000
Accounts and other payables	20,655	27,200	-	-	47,855
Due to a related party	2,880	-	-	-	2,880
Lease liabilities	9,157	24,478	61,127	43,008	137,770
Financing from banks	21,106	27,009	18,734	-	66,849
	53,798	78,687	79,861	43,008	255,354

Market risk

The Group is exposed to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market variables. Market risk arises from foreign currency products, interest bearing products and equity investments, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as currency rates, interest rates, equity prices and credit spreads.

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22 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will change because of changes in foreign exchange rates. The Group's foreign currency exposure arises principally from transactions denominated in Arab Emirates Dirham ("AED"). Since the SAR and AED are pegged to the United State Dollar ("USD"), the Group has no significant exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's deposits earn interest at fixed rates, hence any changes in interest rate will not have an impact on the consolidated statement of profit or loss of the Group. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank facilities with floating interest rates.

The interest rate profile of the Group's financial assets and liabilities are shown in the table below:

	2025	2024
	SAR'000	SAR'000
<i>Fixed rate instruments – assets</i>		
Term deposits with banks	260,516	87,462
	<u>260,516</u>	<u>87,462</u>
<i>Variable rate instruments – liabilities</i>		
Revolving bank facilities	(54,989)	(45,750)
Term loans	(42,187)	(16,915)
	<u>(97,176)</u>	<u>(62,665)</u>

Interest rate sensitivity

An increase of 0.5% in interest rates with all other variables held constant would not result in any material impact on the consolidated financial statements.

Operational risk

Operational risk is the risk of a direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations and are faced by all business entities.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage, to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The Group has established a framework of policies and procedures to identify, assess, control, manage and report risks. The senior management identifies and manages operational risk to reduce the likelihood of any operational losses. Compliance with policies and procedures is supported by periodic reviews undertaken by the management of the business units to which they relate.

Capital management

The Group's capital management policy is governed by the Board of Directors. The Company's objectives of managing capital are to ensure the Company's ability to continue as a going concern and increase the net worth of the Company and shareholders' interests so as to maintain the confidence of its creditors and the market and to sustain future development of the business. For the purpose of the Group's capital management, capital includes share capital and all other equity reserves attributable to the equity holders of the Company.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants, if any. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders', return capital to shareholders' or issue new shares. The Group monitors capital using a gearing ratio, which is 'debt' divided by total capital plus debt.

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22 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Capital management (continued)

The Group includes within net (cash) / debt, interest bearing loans and borrowings excluding lease liabilities, less cash and bank balances.

	2025 SAR'000	2024 SAR'000
Interest-bearing loans and borrowings*	97,176	62,665
Less: cash and bank balances	(339,200)	(200,967)
Net debt / (cash)	(242,024)	(138,302)
Equity attributable to equity holders	1,287,872	1,158,252
Equity and debt	1,385,048	1,220,917
Gearing ratio	7.01%	5.13%

* excluding lease liabilities (Note 22.2)

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. However, the Group is compliant with the related covenants. Refer to Note 17 for details.

No changes were made in the objectives, policies or processes during the current and prior periods presented in these consolidated financial statements.

23 MATERIAL PARTLY-OWNED SUBSIDIARY

Financial information of the subsidiary that has material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Non-controlling interests

	2025	2024
Subsidiary		
Human Development Company LLC and its subsidiary	40%	40%

Accumulated balances of non-controlling interests:

	2025 SAR'000	2024 SAR'000
Human Development Company LLC and its subsidiary	76,082	64,167

During the year ended 31 December 2025, dividends of SAR 40,000 thousand (2024: SAR 40,000 thousand) were declared by HDC, of which SAR 16,000 thousand (2024: SAR 16,000 thousand) was attributable to the non-controlling interests of HDC.

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24 ZAKAT AND INCOME TAX

The Group's subsidiaries in the UAE, are subject to UAE Corporation Tax Law with effect from 1 January 2024 and the related current taxes are accounted for in the consolidated financial statements from the period beginning 1 January 2024, with the first corporate tax filing due on 30 September 2025. However, the related deferred tax accounting impact was assessed for the financial year ended 31 December 2023 resulting in the Group recording a deferred tax liability of SAR 51,051 thousand as at 31 December 2023 (31 December 2025: SAR 49,686 thousand). This related to the initial recognition of a deferred tax liability in respect of Purchase Price Allocation (PPA) adjustments recognized in the Group's consolidated statement of financial position and attributable to certain UAE-based Group entities. While the PPA adjustments relate to corporate transactions completed in prior accounting periods, the deferred tax liability arises due to the introduction of the UAE CT Law, and on the basis that the UAE-based entities to which those PPA adjustments are attributed are subject and should be subject to UAE CT in the future.

Income tax for the current period is provided on the basis of estimated taxable income computed by the Group using tax rates, enacted or substantially enacted at the reporting date, applicable in the UAE.

In addition to UAE CT, The Group's subsidiaries in the Kingdom of Saudi Arabia are subject to the regulations of the General Authority of Zakat, Tax and Customs Authority ("ZATCA"). Zakat is provided on an accrual basis. The Zakat charge is computed at 2.5% of the Zakat base or the adjusted net income, whichever is higher. Zakat is charged to consolidated statement of profit or loss. Any difference in the estimate is recorded when the final assessment is approved.

24.1 The Zakat and income tax impact of the Group comprises of the following:

	2025 SAR'000	2024 SAR'000
Current Income tax and Zakat	12,065	14,051
Deferred Tax – Unwinding of temporary differences	(1,365)	-
	10,700	14,051

24.2 The current income tax and zakat expense arising from the Group operations pertain to the following geographical areas:

	2025 SAR'000	2024 SAR'000
United Arab Emirates	989	7,942
Kingdom of Saudi Arabia	9,711	6,109
	10,700	14,051

24.3 The movement in the zakat and income tax provision is as follows:

	2025 SAR'000	2024 SAR'000
Opening balance	13,104	2,195
Charge during the year (note 24.1)	12,065	14,051
Paid during the year	(9,141)	(3,142)
As at 31 December (note 19)	16,028	13,104

The Company and its subsidiaries in KSA (Note 1) have submitted their Zakat returns since inception up to the year ended 31 December 2024 and are under review by ZATCA. In addition, Corporate Tax returns of the Group's subsidiaries in the UAE (Note 1) for the financial year ended 31 December 2024, have been filed with the Federal Tax Authority ("FTA") during the quarter ended 30 September 2025.

25 ALTERNATIVE PERFORMANCE MEASURES

Management considers the use of non-IFRS Alternative Performance Measures (APMs) to be key in understanding the Group's financial performance as well as assisting in forecasting the performance of future periods.

The presentation of APMs has limitations as analytical tools and should not be considered in isolation or as a substitute for related financial measures prepared in accordance with IFRS.

In presenting the APMs management adjusts for certain items that vary between periods and for which the adjustment facilitates comparability between periods.

A reconciliation of the APMs utilised to the most directly reconcilable line items in the consolidated statement of profit or loss is provided below and may differ from similarly titled measures used by other entities.

(a) Adjusted profit before Zakat and income tax

This APM represents the reported profit before Zakat and income tax adjusted for income/expense related to one-off non-recurring items.

(b) Adjusted profit

This APM represents adjusted profit before Zakat and income tax adjusted for Zakat and Income taxes and one-off non-recurring items.

(c) Adjusted profit attributable to equity holders

This APM represents adjusted profit adjusted for non-controlling interests' share of income/expenses.

(d) Earnings before interest, tax, depreciation and amortization (EBITDA)

This APM represents the reported profit before Tax and Zakat adjusted for :

- depreciation and amortization;
- purchase price amortisation of an associate;
- finance costs and income;
- Non-controlling interests;
- One-off non-recurring items.

(e) Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA)

This APM represents the reported EBITDA adjusted for income/expenses related to one-off non-recurring items.

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25 ALTERNATIVE PERFORMANCE MEASURES (continued)

(f) Reconciliation

The APMs and their reconciliations to the measures reported in the consolidated statement of profit or loss are as follows:

	2025 SAR'000	2024 SAR'000
Profit before Zakat & income tax	169,581	162,169
Add/(deduct):		
One-off non-recurring items	12,077	885
Adjusted Profit before Zakat & income tax	181,658	163,054
Add/(deduct):		
One-off non-recurring items	(4,655)	-
Zakat and Income taxes	(10,700)	(14,051)
Adjusted Profit	166,303	149,003
Add/(deduct):		
Non-controlling interests *	(31,053)	(28,036)
Adjusted Profit attributable to equity holders	135,250	120,967
Depreciation and amortization	54,150	44,831
Purchase price amortisation of an associate	3,033	3,033
Finance income	(7,379)	(3,664)
Finance costs	8,597	9,192
Zakat and Income Taxes	10,700	14,051
Non-controlling interests	31,053	28,036
One-off non-recurring items	(7,422)	(885)
EBITDA	227,982	215,561
Add:		
One-off non-recurring items	12,077	885
Adjusted EBITDA	240,059	216,446

* Adjusted for share of non-controlling interests in one-off non-recurring items.

26 SEGMENT INFORMATION

The Group operates in the single reporting segment of education. All the relevant information relating to this reporting/operating segment is disclosed in the consolidated statements of financial position, profit or loss, and comprehensive income and notes to the consolidated financial statements.

Information about revenue by geographical area in which the Group operates is as follows:

	2025 SAR'000	2024 SAR'000
Country		
Kingdom of Saudi Arabia	261,294	215,296
United Arab Emirates	272,573	221,769
Total revenue	533,867	437,065

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26 SEGMENT INFORMATION (continued)

Information about non-current operating assets by geographical area in which the Group operates are as follows:

	2025 SAR'000	2024 SAR'000
Country		
Kingdom of Saudi Arabia	484,889	394,772
United Arab Emirates	419,979	431,578
	<u>904,868</u>	<u>826,350</u>

Non-current assets for this purpose consist of property and equipment, right-of-use assets, and goodwill and intangible assets.

27 EMPLOYEES'S DEFINED CONTRIBUTION PLAN

The Group makes contributions for a defined contribution retirement benefit plan to the General organization for Social Insurance in respect of its Saudi employees. The total amount expensed during the year in respect of this plan was SAR 12,589 thousand (2024: SAR 9,914 thousand).

28 SUBSEQUENT EVENTS

Subsequent to the year ended 31 December 2025, the Board of Directors during its meeting held on 10 February 2026, proposed a cash dividend of SAR 75,000 thousand equivalent to SAR 0.73 per ordinary share, which is subject to the approval of the shareholders at the forthcoming Annual General Assembly Meeting of the Company. The proposed dividend does not constitute a liability as of 31 December 2025.

Other than the above, no events have occurred subsequent to the reporting date and before the issuance of these consolidated financial statements which require adjustment to, or disclosure, in these consolidated financial statements.

29 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issuance by the Board of Directors on behalf of the shareholders on 22 Shaaban 1447H (corresponding to 10 February 2026).