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ABU DHABI SCHOOL OF MANAGEMENT

Abu Dhabi School of Management

Annual Financial Report

Year Ended 31 December 2025

Date	10-08-2026

Contents

1.0 Purpose and Reporting Scope

This report provides an overview of Abu Dhabi School of Management's (ADSM) financial performance, financial governance, resource allocation, risk management and sustainability arrangements for the year ended 31 December 2025, with comparative information for 2024.

The report presents the key numerical indicators needed to understand the institution's financial performance. It does not reproduce the complete signed financial statements, account balances or accompanying notes, which remain the authoritative financial record and should be consulted where detailed financial information is required.

2.0 Institutional Context

ADSM is an educational institution and a subsidiary of the Abu Dhabi Chamber of Commerce and Industry (ADCCI). Its financial activity is generated in the United Arab Emirates and is principally connected to the delivery of educational services. Its financial arrangements support academic delivery, research, student services and institutional operations. The 2025 financial year reflects continued attention to responsible resource management, educational access and long-term institutional sustainability.

2025 Financial Performance at a Glance

+2.3% net revenue growth	**49.4%** gross margin	**28.8%** scholarship support ratio	**-44.6%** change in annual loss

What the year shows

- Net recognized revenue increased modestly by 2.3% compared with 2024.
- Gross margin reached 49.4% in 2025, supported by a lower direct-cost burden.
- Scholarship support grew broadly in line with tuition activity, sustaining access to education.
- The annual loss narrowed materially, while the institution continued to manage its cost base.

3.0 Financial Governance

Financial planning, control and oversight

As shown in Table 1, ADSM maintains financial governance arrangements intended to support accountability, transparency, appropriate authorization and responsible use of institutional resources.

Table 1. Financial Governance Arrangements

Governance area	Institutional approach
Annual budget preparation	The annual budget is prepared through a coordinated planning process that considers academic and administrative requirements, expected activity, institutional priorities and available resources.
Approval authority	The proposed budget and material financial matters are submitted through the applicable institutional review and approval route.
Delegation of authority	Financial commitments and transactions are authorized in accordance with the approved delegation of financial authority.
Expenditure controls	Expenditure is verified against approved budgets and is subject to appropriate authorization, supporting documentation and segregation of duties.
Procurement controls	Procurement follows established requirements intended to support appropriate competition, value for money, authorization and documentation.
Management reporting	Periodic financial reports support management review of revenue, expenditure, commitments, cash flow and overall financial performance.
Variance monitoring	Actual performance is compared with approved budgets, and material variances are investigated, explained and addressed where necessary.
Governance oversight	Relevant management and governance bodies oversee financial reporting, budget implementation, material commitments and financial sustainability.

Basis of preparation

The underlying financial statements cover the year ended 31 December 2025 and include comparative information for 2024. They were prepared on a going-concern basis using the accounting policies described in the signed financial statements, including revenue-recognition principles aligned with IFRS 15. As shown in Table 2, the report covers revenue, operating costs, financial performance and governance.

Table 2. Reporting Areas and Approach

Reporting area	Approach
Revenue	Analysis of tuition activity, scholarship support and recognized revenue
Operating costs	Review of direct costs, administrative expenses and the overall expense profile
Performance	Comparison of margins and year-on-year financial movements
Governance	Overview of financial reporting responsibilities and institutional stewardship

4.0 Financial Performance

Stable revenue with continued scholarship support

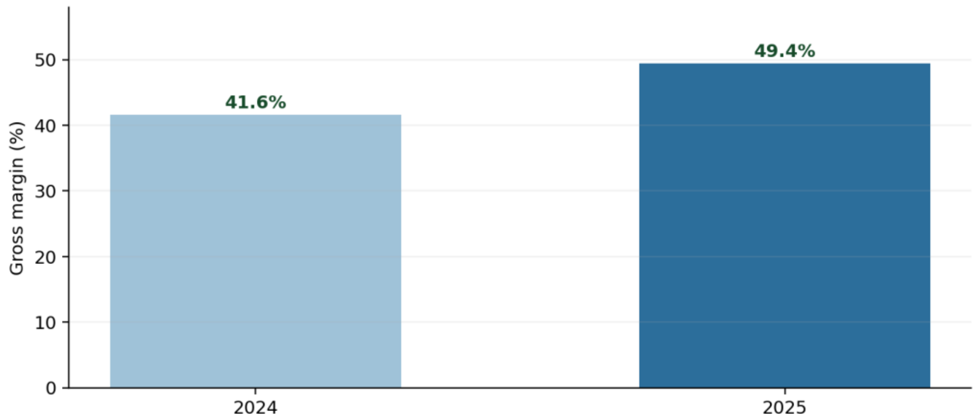
+10.0%	+10.3%	+2.3%
growth in gross tuition activity	growth in scholarship support	growth in net recognized revenue

What the revenue figures show:

- Educational services remained ADSM’s core revenue source in 2025.
- Gross tuition activity increased by 10.0% compared with 2024.
- Scholarship support increased by 10.3%.
- Scholarship support represented approximately 28.8% of gross tuition activity.
- Approximately 71.2% of gross tuition activity was recognized as net tuition revenue.
- Net recognized revenue increased by 2.3%.

Margin development

Figure 1. Gross Margin Comparison, 2024–2025



What the margin figures show:

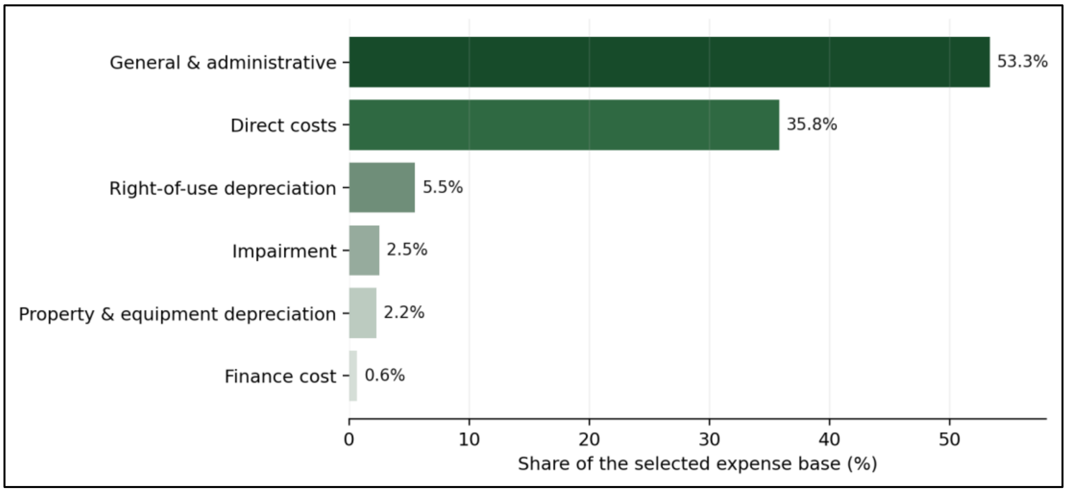
- Gross margin increased from 41.6% in 2024 to 49.4% in 2025.
- This represents an improvement of 7.8 percentage points.
- The improvement primarily reflects the decline in direct costs relative to recognized revenue.

5.0 Resource Allocation

Expense profile and institutional priorities

The chart below presents the composition of the principal expense categories reported in the statement of comprehensive income before support-service recharges and other income.

Figure 2. Composition of Selected Expenses, 2025



What Figure 2 shows:

- General and administrative expenses represented 53.3% of the selected expense base.
- Direct costs represented 35.8%.
- Together, these two categories accounted for approximately 89.1% of the selected expense base.
- Right-of-use depreciation represented 5.5%.
- Impairment represented 2.5%.
- Property and equipment depreciation represented 2.2%.
- Finance costs represented 0.6%.

-11.3% change in direct costs	**-28.6%** change in general and administrative expenses	**-44.6%** change in annual loss

Areas supported:

- Academic delivery, faculty and staff, and the continuity of teaching and learning;
- Student services, scholarships and other forms of student support;
- Technology, learning resources, facilities and institutional operations; and
- Research, quality assurance and institutional development priorities.

6.0 Financial Risk and Sustainability

Progress with continued focus required

ADSM recorded a loss for 2025; however, the loss was approximately 44.6% lower than in 2024. The improvement reflects 2.3% net revenue growth, an increase in gross margin from 41.6% to 49.4%, an 11.3% reduction in direct costs, and a 28.6% reduction in general and administrative expenses.

The remaining deficit reinforces the importance of disciplined budgeting, sustainable enrollment and revenue development, effective collection practices, careful prioritization of expenditure and continued monitoring of financial commitments.

Financial risks monitored

Table 3. Financial Risks Monitored

Enrollment and tuition dependency	Enrollment trends and reliance on tuition-related revenue are monitored to assess their effect on financial sustainability.
Cash flow	Cash-flow requirements are reviewed to support the timely funding of academic and institutional operations.
Collections	Collection performance is monitored to identify delays, outstanding balances and related liquidity risks.
Operating costs	Direct and administrative costs are reviewed against planned activity and approved budgets.
Contractual commitments	Material contractual and procurement commitments are considered in financial planning and monitoring.
Budget variances	Material variances are reviewed to determine causes, implications and necessary corrective action.
Business continuity	Financial and operational risks are considered in support of continuity of academic delivery, student services and essential operations.

Forward priorities

- Maintain the quality and continuity of teaching and student services while aligning resources with demand.
- Continue structured scholarship support within a financially sustainable framework.
- Strengthen value-for-money decisions and maintain disciplined cost monitoring.
- Pursue balanced revenue growth and prudent cash-flow management to support long-term resilience.

7.0 External Assurance

Independent audit and financial reporting

ADSM's financial statements for the year ended 31 December 2025 were independently audited and include comparative information for 2024. The signed financial statements comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and supporting notes.

Management is responsible for maintaining appropriate financial records, preparing the financial statements and assessing the institution's ability to continue as a going concern. Those charged with governance oversee the financial reporting process.

The financial indicators and commentary presented in this report should be considered together with ADSM's audited financial statements and the accompanying accounting policies and notes.

8.0 Publication

Publication information

Reporting period	Year ended 31 December 2025
Comparative period	Year ended 31 December 2024
Publication date	10-08-2026
Source	ADSM's signed and audited financial statements for the year ended 31 December 2025, including comparative information for 2024.