

# **Palms Sports PJSC**

## **INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**PERIOD ENDED 30 JUNE 2024**

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF**

**PALMS SPORTS PJSC**

*Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of Palms Sports PJSC (the “Company”) and its subsidiaries (together referred to as the “Group”) as at 30 June 2024, comprising of the interim condensed consolidated statement of financial position as at 30 June 2024, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three and six month periods then ended and the interim condensed consolidated statement of changes in equity and cash flows for the six month period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

*Scope of review*

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

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects in accordance with IAS 34, “*Interim Financial Reporting*”.

For Ernst & Young



Ahmad Al Dali  
Registration No 5548

18 July 2024  
Abu Dhabi, United Arab Emirates

# Palms Sports PJSC

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	<i>Notes</i>	<i>(Unaudited)</i> 30 June 2024 AED	<i>(Audited)</i> 31 December 2023 AED
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	96,295,605	47,998,287
Prepayments		6,951,185	5,835,505
Intangible assets and goodwill		85,346,176	87,449,925
Investment in joint ventures	5	5,030,931	4,981,729
Right-of-use asset		8,806,128	6,148,871
Investments in financial assets	6	<u>27,875,356</u>	<u>30,694,611</u>
		<b><u>230,305,381</u></b>	<b><u>183,108,928</u></b>
<b>Current assets</b>			
Inventories		8,682,601	6,559,432
Investments in financial assets	6	74,396,745	94,246,300
Trade and other receivables	7	332,418,712	321,012,464
Amounts due from related parties	11	89,660,163	65,665,070
Loans to related parties	11	4,300,000	5,700,000
Cash and bank balances	8	<u>226,217,425</u>	<u>284,578,480</u>
		<b><u>735,675,646</u></b>	<b><u>777,761,746</u></b>
<b>TOTAL ASSETS</b>		<b><u>965,981,027</u></b>	<b><u>960,870,674</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	150,000,000	150,000,000
Additional capital contribution		-	209,369
Legal reserve	10	41,528,416	41,528,416
Merger reserve		4,154,375	5,642,390
Cumulative changes on revaluation of investments		(3,832,401)	(528,078)
Retained earnings		<u>312,532,416</u>	<u>374,196,053</u>
<b>Equity attributable to the Owners of the Company</b>		<b>504,382,806</b>	<b>571,048,150</b>
Non-controlling interest		<u>634,294</u>	<u>405,552</u>
<b>Total equity</b>		<b><u>505,017,100</u></b>	<b><u>571,453,702</u></b>
<b>Non-current liabilities</b>			
Provision for employees' end of service benefits		119,231,614	108,201,748
Deferred tax liability		3,662,969	6,408,692
Lease liabilities		7,360,240	4,777,616
Trade and other payables		1,356,234	-
Bank borrowings	13	<u>146,241,400</u>	<u>120,000,000</u>
		<b><u>277,852,457</u></b>	<b><u>239,388,056</u></b>
<b>Current liabilities</b>			
Trade and other payables		132,752,872	111,114,625
Bank borrowings	13	39,000,000	30,000,000
Amounts due to related parties	11	3,898,900	7,037,169
Lease liabilities		1,298,345	1,877,122
Income tax payable		<u>6,161,353</u>	-
		<b><u>183,111,470</u></b>	<b><u>150,028,916</u></b>
<b>Total liabilities</b>		<b><u>460,963,927</u></b>	<b><u>389,416,972</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>965,981,027</u></b>	<b><u>960,870,674</u></b>

Chief Executive Officer

Director

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

# Palms Sports PJSC

## INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three and six month periods ended 30 June 2024

	Notes	<i>(Unaudited)</i> Three months ended 30 June		<i>(Unaudited)</i> Six months ended 30 June	
		2024	2023	2024	2023
		AED	AED	AED	AED
Revenue from contract with customers	14	253,647,394	81,175,182	511,956,042	165,277,860
Cost of sales		<u>(204,634,759)</u>	<u>(55,600,794)</u>	<u>(406,505,423)</u>	<u>(111,846,742)</u>
<b>GROSS PROFIT</b>		<b>49,012,635</b>	<b>25,574,388</b>	<b>105,450,619</b>	<b>53,431,118</b>
General and administrative expenses		(20,688,297)	(5,222,423)	(40,316,459)	(8,947,826)
Share of profit (loss) of joint ventures	5	33,491	(278,708)	49,202	(632,257)
Finance income		2,288,607	2,202,405	3,903,256	4,643,529
Finance costs		(4,189,686)	(212,752)	(8,435,582)	(436,196)
Changes in fair value of financial assets carried at fair value through profit or loss		(3,874,216)	(579,711)	(19,849,555)	(20,310,559)
Dividend income		345,527	738,000	345,527	738,000
(Provision for) reversal of provision expected credit losses, net		1,653,395	(849,724)	(1,101,938)	1,195,063
Other income		<u>247,547</u>	<u>3,564</u>	<u>1,673,258</u>	<u>187,759</u>
<b>PROFIT BEFORE TAX</b>		<b><u>24,829,003</u></b>	<b><u>21,375,039</u></b>	<b><u>41,718,328</u></b>	<b><u>29,868,631</u></b>
Income tax expense	17	<u>(2,110,952)</u>	<u>-</u>	<u>(3,415,630)</u>	<u>-</u>
<b>NET PROFIT FOR THE PERIOD</b>		<b><u>22,718,051</u></b>	<b><u>21,375,039</u></b>	<b><u>38,302,698</u></b>	<b><u>29,868,631</u></b>
<b>Attributable to:</b>					
Owners of the Company		22,648,091	21,449,099	38,336,862	30,061,313
Non-controlling interest		<u>69,960</u>	<u>(74,060)</u>	<u>(34,164)</u>	<u>(192,682)</u>
		<b><u>22,718,051</u></b>	<b><u>21,375,039</u></b>	<b><u>38,302,698</u></b>	<b><u>29,868,631</u></b>
<b>Basic earnings per share</b>	15	<b><u>0.15</u></b>	<b><u>0.14</u></b>	<b><u>0.26</u></b>	<b><u>0.20</u></b>

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

# Palms Sports PJSC

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three and six month periods ended 30 June 2024

	Notes	<i>(Unaudited)</i> Three months ended 30 June		<i>(Unaudited)</i> Six months ended 30 June	
		2023	2022	2024	2023
		AED	AED	AED	AED
<b>PROFIT FOR THE PERIOD</b>		<b>22,718,051</b>	21,375,039	<b>38,302,698</b>	29,868,631
<b>Other comprehensive income</b>					
<i>Items that will not to be reclassified to profit or loss</i>					
Equity investments at fair value through other comprehensive income	6.1	(9,773)	(512,718)	(3,219,710)	(451,889)
Amount reclassified to merger reserve on acquisition of subsidiary		-	-	(84,613)	-
<b>Total other comprehensive (loss) income</b>		<b>(9,773)</b>	(512,718)	<b>(3,304,323)</b>	(451,889)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b><u>22,708,278</u></b>	<u>20,862,321</u>	<b><u>34,998,375</u></b>	<u>29,416,742</u>
<b>Attributable to:</b>					
Owners of the Company		22,638,318	20,936,381	35,032,539	29,609,424
Non-controlling interest		<u>69,960</u>	(74,060)	<u>(34,164)</u>	<u>(192,682)</u>
		<b><u>22,708,278</u></b>	<u>20,862,321</u>	<b><u>34,998,375</u></b>	<u>29,416,742</u>

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

## Palms Sports PJSC

### INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six month periods ended 30 June 2024

	Attributable to equity holders of the Company								
	Share capital AED	Legal reserve AED	Additional capital contribution AED	Merger reserve AED	Cumulative changes in fair value AED	Retained earnings AED	Total AED	Non-controlling interest AED	Total equity AED
Balance at 1 January 2023 (audited)	150,000,000	31,019,034	-	5,642,390	(597,963)	279,369,200	465,432,661	647,964	466,080,625
Profit for the period	-	-	-	-	-	30,061,313	30,061,313	(192,682)	29,868,631
Other comprehensive Income for the period	-	-	-	-	(451,889)	-	(451,889)	-	(451,889)
Total comprehensive (loss) income for the period	-	-	-	-	(451,889)	30,061,313	29,609,424	(192,682)	29,416,742
Balance at 30 June 2023 (unaudited)	<u>150,000,000</u>	<u>31,019,034</u>	-	<u>5,642,390</u>	<u>(1,049,852)</u>	<u>309,430,513</u>	<u>495,042,085</u>	<u>455,282</u>	<u>495,497,367</u>
Balance at 1 January 2024 (audited)	150,000,000	41,528,416	209,369	5,642,390	(528,078)	374,196,054	571,048,151	405,552	571,453,703
Profit (loss) for the period	-	-	-	-	-	38,336,862	38,336,862	(34,164)	38,302,698
Other comprehensive loss for the period	-	-	-	-	(3,304,323)	-	(3,304,323)	-	(3,304,323)
Total comprehensive (loss) income for the period	-	-	-	-	(3,304,323)	38,336,862	35,032,539	(34,164)	34,998,375
Acquisition of a subsidiary under common control (note 18.1)	-	-	(209,369)	(1,488,015)	-	-	(1,697,384)	-	(1,697,384)
Acquisition of subsidiary (note 18.2)	-	-	-	-	-	-	-	262,906	262,906
Dividends paid (note 9.1)	-	-	-	-	-	(100,000,500)	(100,000,500)	-	(100,000,500)
Balance at 30 June 2024 (unaudited)	<u>150,000,000</u>	<u>41,528,416</u>	-	<u>4,154,375</u>	<u>(3,832,401)</u>	<u>312,532,416</u>	<u>504,382,806</u>	<u>634,294</u>	<u>505,017,100</u>

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

# Palms Sports PJSC

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six month periods ended 30 June 2024

		<i>Six month period ended 30 June</i>	
		<i>2024</i>	<i>2023</i>
		<i>AED</i>	<i>AED</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>Notes</i>		
<b>OPERATING ACTIVITIES</b>			
Profit for the period before tax		41,718,328	29,868,631
Adjustments for:			
Depreciation of property and equipment	4	4,541,960	127,224
Amortisation of intangible assets		3,052,123	65,333
Depreciation of right-of-use asset		2,027,327	-
Gain on disposal of property and equipment		(29,613)	-
Provision for employees' end of service benefits		12,577,165	3,447,398
Provision (reversal of provision) for expected credit losses		1,101,938	(1,195,063)
Changes in fair value of investments carried at fair value through profit or loss		19,849,555	20,310,559
Share of (profit) loss of joint ventures	5	(49,202)	632,257
Finance income		(3,903,256)	(4,643,529)
Finance costs		<u>8,435,582</u>	<u>436,196</u>
		89,321,907	49,049,006
Working capital changes:			
Inventories		(2,123,169)	(2,537,819)
Trade and other receivables		24,170,404	(19,617,377)
Due from related parties		(23,992,093)	(4,275,714)
Trade and other payables		(23,911,834)	(1,682,237)
Due to related parties		<u>(5,840,469)</u>	<u>(3,238,940)</u>
Cash generated from operations		57,624,746	17,696,919
Employees' end of service benefits paid		(5,380,635)	(577,690)
Finance costs paid		<u>(8,168,484)</u>	<u>(436,196)</u>
Net cash generated from operating activities		<u>44,075,627</u>	<u>16,683,033</u>
<b>INVESTING ACTIVITIES</b>			
Movement in term deposits with original maturities more than three months		49,461,724	(19,258,835)
Purchase of property and equipment	4	(354,572)	(339,901)
Proceeds from sale of property and equipment		89,000	-
Finance income received		2,608,657	4,643,529
Dividends paid		(100,000,500)	-
Net cash received on acquisition of subsidiaries		1,799,444	-
Proceeds from sale of investment in financial assets at FVTPL	6	-	9,889,872
Purchase of investment in financial assets at FVOCI	6	-	(627,992)
Purchase of investment in financial assets at FVTPL	6	<u>-</u>	<u>(5,877,048)</u>
Net cash used in investing activities		<u>(46,396,247)</u>	<u>(11,570,375)</u>
<b>FINANCING ACTIVITIES</b>			
Net repayment of bank borrowings		(4,000,000)	(195,224)
Repayment of lease liabilities		<u>(2,583,933)</u>	<u>-</u>
Cash used in financing activities		<u>(6,583,933)</u>	<u>(195,224)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b>		<b>(8,904,553)</b>	<b>4,917,434</b>
Cash and cash equivalents at beginning of the period		<u>131,978,219</u>	<u>64,038,325</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>8</b>	<u><b>123,073,666</b></u>	<u><b>68,955,759</b></u>
Significant non-cash transaction:			
Remeasurement of lease		<u>169,177</u>	<u>-</u>

The attached notes 1 to 20 form part of these interim condensed consolidated financial statement.

# Palms Sports PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024 (Unaudited)

### 1 GENERAL INFORMATION

Palms Sports PJSC (the “Company”) is a Private Joint Stock Company incorporated in Abu Dhabi in accordance with the provisions of the UAE Federal Law No. (2) of 2015. The address of its registered office is at P.O. Box 39877, Abu Dhabi, United Arab Emirates.

These interim condensed consolidated financial statements include the results of operations and financial position of the Company and its subsidiaries (together referred to as the “Group”). The principal activities of the Group include providing sport enterprises investment, institution and management, trading in sportswear and related equipment.

International Holding Company PJSC is the Parent and Royal Group Holding LLC is the Ultimate Parent of the Company.

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 18 July 2024.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting issued by International Accounting Standards Board (“IASB”).

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group’s annual financial statements as at 31 December 2023. In addition, results for the six month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for investments in financial assets which are stated fair value.

The interim condensed consolidated financial statements are presented in United Arab Emirates Dirhams (AED), which is the presentation currency of the Group and the functional currency of the Company.

#### **New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of liabilities as Current or Non-current

**2 BASIS OF PREPARATION** continued

**2.2 Basis of consolidation**

The interim condensed consolidated financial statements of the Group comprise the financial information of the Company and its subsidiaries.

Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim condensed consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners 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.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## Palms Sports PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2024 (Unaudited)

#### 2 BASIS OF PREPARATION continued

##### 2.2 Basis of consolidation continued

Details of the Company's subsidiaries as at 30 June 2024 and 31 December 2023 were as follows:

<i>Name of subsidiary</i>	<i>Place of incorporation and operation</i>	<i>Principal activities</i>	<i>Proportion of ownership interest and voting power held</i>	
			<i>30 June 2024</i>	<i>31 December 2023</i>
Direct Trading LLC	United Arab Emirates	Distribution Company	60%	60%
Palms Sports Events LLC	United Arab Emirates	Dormant Company	100%	100%
Securiguard Middle East LLC	United Arab Emirates	Provision of security guards and cleaning services	100%	100%
Secure Recruitment Services Establishment LLC	United Arab Emirates	Provision of recruitment services	100%	100%
Secure Facilities General Maintenance LLC OPC	United Arab Emirates	Dormant Company	100%	100%
Securiguard parking management - sole proprietorship L.L.C.	United Arab Emirates	Dormant Company	100%	100%
YAS Physiotherapy Center - L.L.C.	United Arab Emirates	Physiology Treatment Centre	80%	-
Palm Security Services – L.L.C – O.P.C	United Arab Emirates	Security and surveillance system installation and maintenance (Dormant Company)	100%	-
Learn Educational Investment LLC	United Arab Emirates	Holding Company	100%	-
<b>Below are the subsidiaries of Learn Educational Investment LLC</b>				
Al Rabeeh Academy LLC	United Arab Emirates	Provision of education services	100%	-
Al Rabeeh School LLC	United Arab Emirates	Provision of education services	100%	-

#### 3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standards requires management to make judgment, estimates and assumptions that affect the application of accounting policies and reported amounts of financial assets and liabilities and the disclosure of contingent liabilities. These judgments, estimates and assumptions also affect the revenue, expenses and provisions as well as fair value changes. Actual results may differ from these estimates.

These judgments, estimates and assumptions may affect the reported amounts in subsequent financial years. Estimates and judgments are currently evaluated and are based on historical experience and other factors.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2023.

## Palms Sports PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2024 (Unaudited)

#### 4 PROPERTY AND EQUIPMENT

During the period, additions to property and equipment amounted to AED 354,572 (period ended 30 June 2023: AED 339,901) and depreciation charge for the period ended 30 June 2024 amounted to AED 4,541,960 (period ended 30 June 2023: AED 127,224). Assets with a net book value of AED 59,387 were disposed during the six month period ended 30 June 2024 (30 June 2023: AED nil). Property and equipment acquired through business combination amounted to AED 52,544,093.

#### 5 INVESTMENT IN JOINT VENTURES

Details of the Group's investment in joint ventures is as follows:

Name of entity	Principal activities	Place of incorporation and operation	Ownership interest	
			2024	2023
Exceed Holding for Sports LLC	Sport enterprises investment, institution and management	UAE	50%	50%
AL Qudra Sports Management LLC	Sport enterprises investment, institution and management	UAE	50%	50%

Movement in investment in joint ventures is as follows:

	<i>(Unaudited)</i> 30 June 2024 AED	<i>(Audited)</i> 31 December 2023 AED
At the beginning of the period / year	4,981,729	5,456,991
Profit (loss) during the period / year	<u>49,202</u>	<u>(475,262)</u>
At the end of the period / year	<u>5,030,931</u>	<u>4,981,729</u>

#### 6 INVESTMENTS IN FINANCIAL ASSETS

	<i>(Unaudited)</i> 30 June 2024 AED	<i>(Audited)</i> 31 December 2023 AED
Investments carried at fair value through other comprehensive income (note 6.1)	13,074,481	16,588,173
Investments carried at fair value through profit or loss (note 6.2)	74,396,745	94,246,300
Investment carried at amortised cost (note 6.3)	<u>14,800,875</u>	<u>14,106,438</u>
	<u>102,272,101</u>	<u>124,940,911</u>

##### 6.1 Investment carried at fair value through other comprehensive income

	<i>(Unaudited)</i> 30 June 2024 AED	<i>(Audited)</i> 31 December 2023 AED
Unquoted and inside the UAE	<u>13,074,481</u>	<u>16,588,173</u>

## Palms Sports PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024 (Unaudited)

#### 6 INVESTMENTS IN FINANCIAL ASSETS continued

##### 6.1 Investment carried at fair value through other comprehensive income continued

During the period, the Group invested USD nil (2023: USD 170,945 (AED 627,992)) in a fund created by a related party, as a contribution, against a total commitment of USD 5,000,000 (2023: USD 5,000,000 (AED 18,362,500)). This investment in equity instrument is not held for trading. Instead, it is held for long-term strategic purpose. Accordingly, management of the Group has elected to designate the investment as equity instrument at FVTOCI, as they believe that recognising short-term fluctuations would not be consistent with the Group's strategy of holding the investment for long-term purposes and realising the performance potential in the long run.

The investments are recorded at fair value using the valuation techniques as disclosed in note 19. Movement in investment in financial assets carried at fair value through other comprehensive income is as follows:

	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2024</i>	<i>2023</i>
	<i>AED</i>	<i>AED</i>
At the beginning of the period / year	<b>16,588,173</b>	15,680,926
Additions during the period / year	-	627,993
Transferred to merger reserve on account of acquisition of subsidiary (note 18.1)	<b>(293,982)</b>	-
Investment contributed by the parent during the period / year	-	209,369
Changes in fair value during the period / year	<b><u>(3,219,710)</u></b>	<b><u>69,885</u></b>
At the end of the period / year	<b><u>13,074,481</u></b>	<b><u>16,588,173</u></b>

##### 6.2 Investment carried at fair value through profit or loss

	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2024</i>	<i>2023</i>
	<i>AED</i>	<i>AED</i>
Quoted and inside the UAE	<b>54,650,331</b>	74,460,692
Unquoted and outside the UAE	<b><u>19,746,414</u></b>	<b><u>19,785,608</u></b>
At 31 December	<b><u>74,396,745</u></b>	<b><u>94,246,300</u></b>

These investments in equity instruments are held for trading with an intention of recognising short-term fluctuations in these investments.

The investments are recorded at fair value using the valuation techniques as disclosed in note 19. Movement in investment in financial assets carried at fair value through profit and loss is as follows:

	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2024</i>	<i>2023</i>
	<i>AED</i>	<i>AED</i>
At the beginning of the period / year	<b>94,246,300</b>	110,880,372
Additions during the period / year	-	11,258,480
Disposals during the period / year	-	(12,810,037)
Changes in fair value during the period / year	<b><u>(19,849,555)</u></b>	<b><u>(15,082,515)</u></b>
At the end of the period / year	<b><u>74,396,745</u></b>	<b><u>94,246,300</u></b>

## Palms Sports PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024 (Unaudited)

#### 6 INVESTMENTS IN FINANCIAL ASSETS continued

##### 6.3 Investment carried at amortised cost

	<i>(Unaudited)</i> 30 June 2024 AED	<i>(Audited)</i> 31 December 2023 AED
Investment in debt instruments	<u>14,800,875</u>	<u>14,106,438</u>

These investments carry an interest ranging from 5% to 10% (2023: 5% to 10%). During the period, the interest earned on these investments amounted to AED 694,437 (30 June 2023: AED 665,692).

##### Classification of investments

	<i>(Unaudited)</i> 30 June 2024 AED	<i>(Audited)</i> 31 December 2023 AED
Non-current financial assets	27,875,356	30,694,611
Current financial assets	<u>74,396,745</u>	<u>94,246,300</u>
	<u>102,272,101</u>	<u>124,940,911</u>

#### 7 TRADE AND OTHER RECEIVABLES

	<i>(Unaudited)</i> 30 June 2024 AED	<i>(Audited)</i> 31 December 2023 AED
Trade receivables	309,845,228	302,157,170
Less: allowance for expected credit losses	<u>(27,309,375)</u>	<u>(25,187,087)</u>
	282,535,853	276,970,083
Prepayments and deposits	30,677,046	37,038,928
Advances to suppliers	5,343,812	3,727,752
Accrued Income	3,515,573	3,449,187
Other receivables	<u>10,346,428</u>	<u>5,662,019</u>
	<u>332,418,712</u>	<u>326,847,969</u>

Movements in the allowance for expected credit losses were as follows:

	<i>(Unaudited)</i> 30 June 2024 AED	<i>(Audited)</i> 31 December 2023 AED
At the beginning of the period / year	25,187,087	6,517,671
Acquired in business combinations	1,015,128	24,778,528
Provision (reversals) during the period / year, net	<u>1,107,160</u>	<u>(6,109,112)</u>
At the end of the period / year	<u>27,309,375</u>	<u>25,187,087</u>

# Palms Sports PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2024 (Unaudited)

### 8 CASH AND BANK BALANCES

	<i>(Unaudited)</i> 30 June 2024 AED	<i>(Audited)</i> 31 December 2023 AED
Cash on hand	795,977	609,099
Cash at bank - current account	<u>122,277,689</u>	<u>131,369,120</u>
Cash and cash equivalents	123,073,666	131,978,219
Fixed deposits with an original maturity of more than three months	93,561,296	143,665,242
Margin deposits on bank guarantees	9,615,256	8,973,034
Less: allowance for expected credit losses	<u>(32,793)</u>	<u>(38,015)</u>
Cash and bank balances	<u>226,217,425</u>	<u>284,578,480</u>

Cash and cash equivalents as at 30 June 2023 amounted to AED 68,955,759.

Fixed deposits comprise short term deposits placed with commercial banks bearing interest rates ranging from 1.5% per annum to 5% per annum (2023: from 0.12% per annum to 4.56% per annum).

### 9 SHARE CAPITAL

	<i>(Unaudited)</i> 30 June 2024 AED	<i>(Audited)</i> 31 December 2023 AED
<b>Authorised, issued and fully paid shares</b>		
150,000,000 ordinary shares of AED 1 each (2023: 150,000,000 ordinary shares of AED 1 each)	<u>150,000,000</u>	<u>150,000,000</u>

#### 9.1 DIVIDENDS

During the period, the shareholders of the Company declared a dividend of AED 0.667 per share (2023: AED nil) amounting to AED 100,000,500 (2023: AED nil) which was paid on 27 March 2024.

### 10 LEGAL RESERVE

In accordance with the Decree Law No. (32) of 2021, and the Company's Articles of Association, 10% of the profit for the year is transferred to legal reserve, which is non-distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the share capital of the Company.

### 11 RELATED PARTY TRANSACTIONS AND BALANCES

The Group enters into transactions with companies and entities that fall within the definition of a related party as defined in the International Accounting Standard (IAS) 24 Related Party Disclosures.

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

# Palms Sports PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2024 (Unaudited)

### 11 RELATED PARTY TRANSACTIONS AND BALANCES continued

#### Terms and conditions of transactions with related parties

The Group enters into transactions with related parties in the ordinary course of business at mutually agreed rates. Outstanding balances at the period-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

For the period ended 30 June 2024, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 December 2023: AED nil). This assessment is undertaken on a periodic basis through examining the financial position of the related party and the market in which the related party operates.

#### 11.1 Balances

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

		<i>(Unaudited)</i> 30 June 2024 AED	<i>(Audited)</i> 31 December 2023 AED
<b>Amounts due from related parties:</b>			
International Holding Company PJSC	Parent Company	20,000,000	20,000,000
Khabib Gym	Subsidiary of a Joint Venture	16,307,987	14,318,246
AD Ports	Other related party	10,308,412	-
Inspire Integrated Facilities Management LLC	Entity under common control	7,665,125	7,605,653
Etihad Airways Group	Other related party	4,237,513	-
Aldar Properties PJSC	Entity under common control	3,983,733	5,728,440
Sinyar Hospitality	Entity under common control	3,147,917	2,367,234
Senaat - Emirates Steel ICP	Other related party	3,056,953	-
Aldar Education - Sole Proprietorship LLC	Entity under common control	-	3,715,026
International Golden Group LLC	Entity under common control	2,811,481	2,811,480
Abu Dhabi National Exhibitions Company (ADNEC)	Entity under common control	2,786,006	-
Emirates Palace Hotel LLC	Other related party	1,502,714	2,417,292
ZMS Companies Management LLC	Other related party	1,253,039	679,175
TwoFour54 - FZ LLC	Entity under common control	936,812	-
Trojan General Contracting and six construct Limited-Zayed National Museum	Other related party	927,127	596,251
Rafed Healthcare Supplies L.L.C.	Other related party	919,380	367,752
G42 Companies Management RSC LTD	Other related party	837,315	-
Tourism Development and Investment Company	Other related party	825,128	393,156
Basatin Holding SPV Ltd.	Other related party	652,012	-
Bunya Enterprises LLC	Other related party	617,969	309,374
Khidmah - Sole Proprietorship LLC	Other related party	515,529	-
Others	Other related parties	<u>6,368,011</u>	<u>4,355,991</u>
		<u>89,660,163</u>	<u>65,665,070</u>
<b>Loans to related parties:</b>			
Al Rabeeh School	Subsidiary	-	1,400,000
Pyxis Events Sole Proprietorship LLC*	Subsidiary of a Joint Venture	<u>4,300,000</u>	<u>4,300,000</u>
		<u>4,300,000</u>	<u>5,700,000</u>

\*The loan is repayable in one year and carries an interest rate of 3% per annum.

# Palms Sports PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024 (Unaudited)

### 11 RELATED PARTY TRANSACTIONS AND BALANCES continued

#### 11.1 Balances continued

		<i>(Unaudited)</i> 30 June 2024 AED	<i>(Audited)</i> 31 December 2023 AED
Balances with a financial institution	Other related party	<u>110,339,809</u>	<u>153,683,592</u>
<b>Investments in financial assets:</b>			
Multiply Group P.J.S.C	Entity under common control	30,801,250	47,779,500
Chimera Global Fund I LP	Entity under common control	13,074,481	16,294,190
Burjeel Holdings PLC	Other related party	1,773,555	2,089,301
Al Rabeeh School	Subsidiary	-	293,983
Invictus Investment Company PLC	Other related party	3,195,000	3,885,000
Presight AI Holding PLC	Entity under common control	1,530,010	-
Pure Health Holding PJSC	Other related party	<u>3,912,750</u>	<u>5,272,500</u>
		<u>54,287,046</u>	<u>75,614,474</u>
		<i>(Unaudited)</i> 30 June 2024 AED	<i>(Audited)</i> 31 December 2023 AED
<b>Amounts due to related parties:</b>			
National Health Insurance Company – Daman PJSC	Other related party	2,158,084	6,431,599
Others	Other related party	<u>1,740,816</u>	<u>605,570</u>
		<u>3,898,900</u>	<u>7,037,169</u>

#### 11.2 Transactions

During the period, the Group entered into the following significant transactions with related parties:

	<i>(Unaudited)</i> Three months ended		<i>(Unaudited)</i> Six months ended	
	30 June		30 June	
	2024	2023	2024	2023
	AED	AED	AED	AED
<i>Transactions with other related parties</i>				
Revenue	37,547,452	3,784,017	53,410,486	4,412,732
Purchases of goods and services	1,514,221	424,041	6,298,367	2,760,666
Interest income on bank deposits	423,496	1,400,691	928,336	3,044,177
Finance costs	1,331,552	212,752	1,668,254	436,196
Dividend income	68,665	738,000	68,665	738,000

# Palms Sports PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024 (Unaudited)

### 11 RELATED PARTY TRANSACTIONS AND BALANCES continued

#### 11.3 Transactions with key management personnel

	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Salaries and short-term benefits	<b>833,142</b>	479,109	<b>1,679,500</b>	958,217
Employees' end of service benefits	<b>105,000</b>	19,447	<b>210,000</b>	39,107
	<b>938,142</b>	<b>498,556</b>	<b>1,889,500</b>	<b>997,324</b>

Transactions with related parties were entered into on terms agreed with management.

### 12 CONTINGENT LIABILITIES

	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2024</i>	<i>2023</i>
	<i>AED</i>	<i>AED</i>
Bank guarantees	<b>142,868,656</b>	<b>151,943,033</b>
Commitments	<b>8,867,460</b>	<b>8,867,460</b>

The above bank guarantees have been issued from local banks in the ordinary course of business on which the bank charges a fee of 1% per annum.

### 13 BANK BORROWINGS

	<i>30 June</i>	<i>31 December</i>
	<i>2024</i>	<i>2023</i>
	<i>AED</i>	<i>AED</i>
Term loan 1	<b>150,000,000</b>	150,000,000
Term loan 2	<b>35,241,400</b>	-
	<b>185,241,400</b>	<b>150,000,000</b>

Disclosed in the interim consolidated statement of financial position as follows:

	<i>30 June</i>	<i>31 December</i>
	<i>2024</i>	<i>2023</i>
	<i>AED</i>	<i>AED</i>
Current	<b>39,000,000</b>	30,000,000
Non-current	<b>146,241,400</b>	<b>120,000,000</b>
	<b>185,241,400</b>	<b>150,000,000</b>

# Palms Sports PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024 (Unaudited)

### 13 BANK BORROWINGS continued

#### *Term loan 1*

During the year ended 31 December 2023, the Group obtained a loan amounting to AED 150,000,000 to finance the acquisition of a subsidiary, Securiguard Middle East LLC. The principal portion of the facility is repayable in five annual instalments starting 30 September 2024. The loan carries an interest charged at the aggregate of 3 months EIBOR plus 1.25% spread per annum.

#### *Term loan 2*

The term loan is obtained by a subsidiary of the Group, the loan carries interest at EIBOR plus 3.5% spread per annum and is repayable in semi-annual instalments. The loan is obtained for the construction of a building.

### 14 REVENUE FROM CONTRACTS WITH CUSTOMERS

	<i>(Unaudited)</i> <i>Three months ended</i>		<i>(Unaudited)</i> <i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
<b>Types of goods or service</b>				
Coaching and training services	91,161,691	80,376,433	188,733,205	159,066,226
Income from guarding, cleaning and equipment services	139,652,503	-	280,449,018	-
Income from educational services	13,812,133	-	28,974,130	-
Sale of material	8,853,715	798,749	13,632,337	6,211,634
Physiotherapy services	167,352	-	167,352	-
	<u>253,647,394</u>	<u>81,175,182</u>	<u>511,956,042</u>	<u>165,277,860</u>
<b>Geographical markets</b>				
United Arab Emirates	251,094,844	81,175,182	509,403,492	164,969,700
Other Gulf countries	2,552,550	-	2,552,550	308,160
	<u>253,647,394</u>	<u>81,175,182</u>	<u>511,956,042</u>	<u>165,277,860</u>
<b>Timing of revenue recognition</b>				
Revenue over time	244,626,327	80,376,433	498,156,353	159,066,226
Revenue at a point in time	9,021,067	798,749	13,799,689	6,211,634
	<u>253,647,394</u>	<u>81,175,182</u>	<u>511,956,042</u>	<u>165,277,860</u>

### 15 BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the total comprehensive income for the period of the Group by the weighted average number of shares in issue throughout the period as follows:

	<i>(Unaudited)</i> <i>Three months ended</i>		<i>(Unaudited)</i> <i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Profit attributable to the owners of the Group (AED)	<u>22,648,091</u>	<u>21,449,099</u>	<u>38,336,862</u>	<u>30,061,313</u>
Weighted average number of shares (shares)	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>
Basic earnings per share for the period (AED)	<u>0.15</u>	<u>0.14</u>	<u>0.26</u>	<u>0.20</u>

As of 30 June 2024, the Group has not issued any dilutive instruments that have an impact on earnings per share when exercised.

# Palms Sports PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2024 (Unaudited)

### 16 SEGMENT REPORTING

Segments were identified based on the Group's internal reporting and how the Chief Operating Decision Maker ("CODM") assesses the performance of the business. The Group has two reportable segments listed below.

**Income from guarding and cleaning services** includes provision of services of security guards and onshore and offshore oil cleaning services to its customer.

**Income from coaching and training services** includes providing specialized sports training services with regards to Jiu-Jitsu, mixed martial arts and combat sports and provision of education.

**Others** include providing educational services, management of educational institutes, and physiotherapy treatment services.

The Chief Operating Decision Makers (CODM) monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the interim condensed consolidated financial statements.

The Group did not have reportable segments during the period ended 30 June 2023.

	<i>Coaching and training AED</i>	<i>Guarding and cleaning AED</i>	<i>Others AED</i>	<i>Unallocated AED</i>	<i>Total AED</i>
<b>30 June 2024</b>					
Revenue from contracts with customers	202,365,542	280,449,018	29,141,482	-	511,956,042
Cost of sales	<u>(132,844,089)</u>	<u>(262,249,367)</u>	<u>(11,411,967)</u>	-	<u>(406,505,423)</u>
<b>Gross profit</b>	<b>69,521,453</b>	<b>18,199,651</b>	<b>17,729,515</b>	<b>-</b>	<b>105,450,619</b>
General and administrative expenses	(13,395,859)	(7,931,914)	(18,988,686)	-	(40,316,459)
Share of profit of joint ventures	-	-	-	49,202	49,202
Changes in fair value of financial assets carried at fair value through profit and loss	-	-	-	(19,849,555)	(19,849,555)
Dividend income	-	-	-	345,527	345,527
Finance income	-	-	-	3,903,256	3,903,256
Finance costs	-	(762,638)	(1,963,553)	(5,709,391)	(8,435,582)
(Provision for) reversal of provision for expected credit losses, net	473,020	(1,554,086)	(20,872)	-	(1,101,938)
Other income	<u>3,792</u>	<u>1,425,768</u>	<u>243,698</u>	-	<u>1,673,258</u>
<b>Profit (loss) for the year before tax</b>	<b>56,602,406</b>	<b>9,376,781</b>	<b>(2,999,898)</b>	<b>(21,260,961)</b>	<b>41,718,328</b>
Income tax expense	<u>(2,483,064)</u>	<u>(932,566)</u>	-	-	<u>(3,415,630)</u>
<b>Net segment results</b>	<b><u>54,119,342</u></b>	<b><u>8,444,215</u></b>	<b><u>(2,999,898)</u></b>	<b><u>(21,260,961)</u></b>	<b><u>38,302,698</u></b>
Segment assets	<u>353,141,868</u>	<u>414,705,658</u>	<u>66,907,622</u>	<u>131,225,879</u>	<u>965,981,027</u>
Segment liabilities	<u>70,831,411</u>	<u>166,394,497</u>	<u>70,075,050</u>	<u>153,662,969</u>	<u>460,963,927</u>

# Palms Sports PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2024 (Unaudited)

### 17 INCOME TAX

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	<i>(Unaudited)</i> <i>Three months ended</i>		<i>(Unaudited)</i> <i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
Current tax expense	4,722,286	-	6,161,353	-
Deferred tax income	<u>(2,611,334)</u>	-	<u>(2,745,723)</u>	-
Income tax expense recognized in the consolidated statement of profit or loss	<u>2,110,952</u>	-	<u>3,415,630</u>	-

### 18 BUSINESS ACQUISITIONS

#### 18.1 Business combination under common control

##### Learn Educational Investment LLC

Effective 3 January 2024, the Group acquired a 100% interest in Learn Educational Investment LLC for a total consideration of AED nil. This acquisition is excluded from the scope of International Financial Reporting Standard 3 (IFRS 3) "Business Combinations" as this is a business combination of entities under common control, given that the Company and the acquired entity is ultimately controlled by the same party before and after the acquisition. The acquisition has been accounted for in the interim condensed consolidated financial statements using the pooling of interest method, which reflects the economic substance of the transaction. The Group has elected to consolidate the income, expenses, assets and liabilities of acquired entities from the date of acquisition. From the date of acquisition, Learn Educational Investment LLC contributed revenue and loss to the Group amounting to AED 28,974,130 and AED 2,918,303 respectively. As a result of this acquisition the Group derecognised its investments in Al Rabeeh School and Al Rabeeh Academy, subsidiaries of Learn Educational Investment LLC, with a corresponding adjustment to additional capital contribution and cumulative changes in fair value in the interim consolidated statement of changes in equity. Both investments were contributed to the Group by its Ultimate parent.

##### Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of the acquired entity as at the date of acquisition were as follows:

	<i>AED</i>
<b>Assets</b>	
Property and equipment	51,980,548
Due from related parties	3,000
Right-of-use asset	4,515,407
Trade and other receivables	37,024,001
Cash and bank balances	<u>1,668,319</u>
<b>Total assets</b>	<b><u>95,191,275</u></b>
<b>Liabilities</b>	
Provision for employees' end of service benefits	3,794,579
Lease liabilities	4,151,506
Due to related parties	2,702,200
Trade and other payables	46,789,443
Bank borrowing	<u>39,241,400</u>
<b>Total liabilities</b>	<b><u>96,679,128</u></b>
<b>Total identifiable net assets at fair value</b>	<b><u>(1,487,853)</u></b>

## Palms Sports PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024 (Unaudited)

#### 18 BUSINESS ACQUISITIONS continued

##### 18.2 Business combination during the period

During the period ended 30 June 2024, the Group acquired the following entity, which was accounted for using the acquisition method under IFRS 3 Business Combination:

###### Yas Physiotherapy Center L.L.C.

Effective 15 May 2024, the Group acquired a 80% interest in Yas Physiotherapy Center L.L.C for a total consideration of AED 2,000,000. From the date of acquisition, Yas Physiotherapy Center L.L.C contributed revenue and loss to the Group amounting to AED 167,352 and AED 75,812 respectively.

###### Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of the acquired entity as at the date of acquisition were as follows:

	<i>AED</i>
<b>Assets</b>	
Property and equipment	563,545
Trade and other receivables	775,491
Cash and bank balances	<u>131,125</u>
<b>Total assets</b>	<b><u>1,470,161</u></b>
<b>Liabilities</b>	
Provision for employees' end of service benefits	38,757
Trade and other payables	<u>116,872</u>
<b>Total liabilities</b>	<b><u>155,629</u></b>
<b>Total identifiable net assets at fair value</b>	<b><u>1,314,532</u></b>
Proportionate share of identifiable assets acquired	1,051,626
Goodwill arising at acquisition	<u>948,374</u>
<b>Purchase consideration</b>	<b><u>2,000,000</u></b>
The net assets recognised for Yas Physiotherapy Center L.L.C are based on the assessment of their fair values as at the acquisition date. The purchase price is allocated on a provisional basis. The purchase consideration is included in other payables for an amount of AED 2,000,000, which is expected to be settled in the third quarter of 2024.	
<b>Non-controlling interest</b>	<b><u>262,906</u></b>
<b>Analysis of cashflows on acquisition:</b>	
Net cash acquired on business combination	<u>131,125</u>

##### 18.3 Acquisition during the year ended 31 December 2023

During the year ended 31 December 2023, the Group acquired the following entity, which was accounted for using the acquisition method under IFRS 3 Business Combination:

###### Securiguard Middle East LLC

Effective 1 August 2023, the Company acquired a 100% interest in Securiguard Middle East LLC for a consideration of AED 300,000,000. From the date of acquisition to 31 December 2023, Securiguard Middle East LLC contributed revenue and profit to the Group amounting to AED 229,503,839 and AED 17,825,462 respectively.

# Palms Sports PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2024 (Unaudited)

### 18 BUSINESS ACQUISITIONS continued

#### 18.3 Acquisition during the year ended 31 December 2023 continued

##### Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of the acquired entity as at the date of acquisition were as follows:

	2023 AED
<b>Assets</b>	
Property and equipment	48,844,902
Intangible assets	70,986,199
Right-of-use asset	6,816,563
Prepayments	30,348,268
Trade and other receivables	218,581,619
Due from related parties	5,062,734
Cash and bank balances	<u>66,291,943</u>
<b>Total assets</b>	<b><u>446,932,228</u></b>
<b>Liabilities</b>	
Provision for employees' end of service benefits	67,942,628
Trade and other payables	81,986,628
Deferred tax liability	6,388,758
Lease liabilities	<u>6,576,699</u>
<b>Total liabilities</b>	<b><u>162,894,713</u></b>
<b>Total identifiable net assets at fair value</b>	<b><u>284,037,515</u></b>
Proportionate share of identifiable assets acquired	284,037,515
Goodwill arising at acquisition	<u>15,962,485</u>
<b>Purchase consideration</b>	<b><u>300,000,000</u></b>

The net assets recognised are based on the assessment of their fair values as at the acquisition date.

Intangible assets of AED 70,986,199 have been recognised as a result of aforementioned acquisition, which mainly comprises of customer and supplier contracts.

The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13 "Fair Value Measurement" refers to as level 3 inputs. The fair value estimate is based on:

- Assumed discount rates of 19.5%, and
- A terminal value calculated based on long-term sustainable growth rates for the industry of 2%, which has been used to determine income for the future years.

Analysis of cashflows on acquisitions is as follows:

	2023 AED
<b>Purchase consideration:</b>	
Total purchase consideration paid	<u>300,000,000</u>
<b>Analysis of cashflows on acquisition:</b>	
Cash paid for acquisition	300,000,000
Net cash acquired on business combination	<u>(66,291,943)</u>
Acquisition of operating business – net of cash acquired (included in cash flows from investing activities)	<u>233,708,057</u>

## Palms Sports PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024 (Unaudited)

#### 18 BUSINESS ACQUISITIONS continued

##### 18.3 Acquisition during the year ended 31 December 2023 continued

###### Secure Recruitment Services Establishment LLC

Effective 31 December 2023, the Company acquired a 100% interest in Secure Recruitment Services Establishment for AED nil consideration.

###### Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of the acquired entity as at the date of acquisition were as follows:

	2023 AED
<b>Assets</b>	
Trade and other receivables	229,688
Cash and bank balances	<u>556,682</u>
<b>Total assets</b>	<u>786,370</u>
<b>Liabilities</b>	
Provision for employees' end of service benefits	15,969
Trade and other payables	<u>99,954</u>
<b>Total liabilities</b>	<u>115,923</u>

The fair values of the identifiable assets and liabilities of the acquired entity as at the date of acquisition were as follows:

	2023 AED
<b>Total identifiable net assets at fair value</b>	<u>670,447</u>
Proportionate share of identifiable assets acquired	670,447
Bargain purchase arising at acquisition	<u>(670,447)</u>
<b>Purchase consideration</b>	<u>-</u>

The net assets recognised for Secure Recruitment Services Establishment LLC are based on the assessment of their fair values as at the acquisition date. The purchase price is allocated on a provisional basis.

#### 19 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group measures financial instruments at fair value at each interim condensed consolidated statement of financial position as at 30 June 2024. 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 to 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.

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### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2024 (Unaudited)

#### 19 FAIR VALUES OF FINANCIAL INSTRUMENTS

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, maximising 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 interim condensed 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.

The following table gives information about how the fair value of the Group's financial assets are determined.

<i>Financial assets</i>	<i>Fair value as at</i>		<i>Fair value hierarchy</i>	<i>Valuation techniques and key inputs</i>	<i>Significant unobservable input</i>	<i>Relationship of unobservable inputs to fair value</i>
	<i>30 June 2024</i>	<i>31 December 2023</i>				
	<i>AED</i>	<i>AED</i>				
Quoted equity investments – investment in financial assets	54,650,331	74,460,692	Level 1	Quoted bid prices in an active market	None	Not applicable
Unquoted equity investments – investment in financial assets	19,746,414	19,785,608	Level 3	Discounted cash flow method and latest transaction price	Unquoted investments	Higher long term growth rate for cashflows for subsequent years, higher the fair value. Higher WACC and discount rate, lower the fair value
Unquoted equity investments – investment in financial assets	13,074,481	16,588,173	Level 3	Net assets value - Discounted cash flow method and latest transaction price of underlying investments	Unquoted investments	Higher long term growth rate for cashflows for subsequent years, higher the fair value. Higher WACC and discount rate, lower the fair value

There were no transfers between each of levels during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

#### 20 SEASONALITY OF RESULTS

The nature of Group's business is such that the income and expenditure are incurred in a manner, which is not impacted by any forms of seasonality. These interim condensed consolidated financial statements were prepared based upon the accrual concept, which requires income and expenses to be recorded as earned or incurred and not as received or paid throughout the period.