

**Abu Dhabi National Hotels Company PJSC**

**Chairman's report and consolidated financial  
statements for the year ended 31 December 2024**

# **Abu Dhabi National Hotels Company PJSC**

## **Chairman's report and consolidated financial statements for the year ended 31 December 2024**

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## Dear Colleagues and Esteemed Shareholders

On behalf of the Board of Directors of Abu Dhabi National Hotels and all our shareholders, please allow me to express our sincere gratitude to H.H Sheikh Mohammed bin Zayed Al Nahyan, President of the United Arab Emirates, H.H Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the United Arab Emirates and Ruler of Dubai and H.H. Sheikh Mansour Bin Zayed Al Nahyan, Deputy Prime Minister and Minister of Presidential Affairs, and H.H Sheikh Khaled bin Mohammed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi for their continuous support and combined guidance.

In 2024, the world economies began to witness a noticeable decline in inflation and interest rates, accompanied by improvement in the geopolitical conditions prevailing in several regions across the globe which will encourage the pace for investments and business expansions.

The UAE economy has achieved remarkable growth throughout the year 2024 driven by the strong performance of several non-oil sectors, which includes real estate and tourism, government initiatives, technological advancements and others.

Abu Dhabi National Hotels had an exceptional performance for the year mainly contributed by the group's acquisition of Compass's share in the catering business in UAE followed by floating 40% thereof in a successful initial public offering in Abu Dhabi Stock Exchange. Total revenue increased by 77% from AED 1,631 million in 2023 to AED 2,888 million in 2024. The group's EBITDA increased by 128% to reach AED 1,806 million as compared to AED 790 million in 2023. The net profit stood at AED 1,335 million, reflecting a 216% increase.

Early during the year, the group successfully implemented the rebranding of five hotels in Dubai for the purpose of achieving their long-term strategic objectives. The hotel sector saw revenue rise from AED 1,364 million in 2023 to AED 1,403 million in 2024, with EBITDA of AED 606 million which is consistent with the normalized EBITDA of 2023. The sector's net profit before tax after deducting depreciation and financing costs reached AED 312 million.

Post-acquisition transaction referred to above, the Catering business reported revenues of AED 1,259 million for 2024, with an EBITDA of AED 175 million. The overall contribution of Catering, including Saudi and Qatar, to the Group's EBITDA increased to AED 208.5 million from AED 118.4 million in 2023, reflecting a growth of AED 90.1 million and 76%. The sector's net profit before tax after deducting depreciation and financing costs stood at AED 125 million.

Transport sector (represented by Al Ghazal Transport Co.) saw a rise in revenue from AED 285 million in 2023 to AED 304 million in 2024, with EBITDA of AED 108 million, reflecting a 12% increase from 2023. The sector's net profit before tax after deducting depreciation and financing costs reached AED 34 million representing an increase of 43%.



During the year 2024, the group recorded a net tax liability of AED 32 million to comply with new federal tax regulations in relation to imposing corporate income tax on qualifying businesses in UAE.

### **Outlook**

At Abu Dhabi National Hotels, we are confident in our ability to continue delivering outstanding results while also being prepared to adapt to potential challenges posed by the global and regional economy.

Our focus is on providing exceptional value to our stakeholders, maintaining our position as a leading service provider of hospitality, travel, catering, and transport in the region, and creating sustainable returns for our shareholders.

We are dedicated to constantly improving and updating our services to align with the latest industry standards.

### **Return to Shareholders**

During the year, the shareholders' equity increased by AED 1,731 contributed by net profit of AED 1,335 million and gain on the IPO of AED 223 million.

After reviewing the dividend policy and cash flows of the group's business units and ensuring that the group fulfills its obligations related to debt services and the interests of their shareholders, the Board of Directors submit a recommendation to the General Assembly for a cash dividend distribution of AED 567 million which represents 45% of the Share Capital and 42% of the net profit for the year 2024.

### **Appreciation**

I would like to extend my sincere thanks and appreciation to our Board of Directors for their dedication, commitment, and contribution. On behalf of our Board and Shareholders, I wish to thank the management and employees for their dedication and efforts.

Thank you all.

**Hamad Salem Mohamed Binlouteya Alameri**  
**Chairman of the Board of Directors**

  
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## Independent auditor's report to the shareholders of Abu Dhabi National Hotels Company PJSC

### Report on the audit of the consolidated financial statements

#### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Abu Dhabi National Hotels PJSC (the "Company") and its subsidiaries (together the "Group") as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

#### What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

#### Our audit approach

##### Overview

Key audit matters	• Acquisition of ADN H Catering- L.L.C - O.P.C, ADN H Catering L.L.C and ADN H Compass L.L.C. SP.
	• Impairment assessment of properties

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

## Independent auditor's report to the shareholders of Abu Dhabi National Hotels Company PJSC (continued)

### Our audit approach (continued)

#### Overview (continued)

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

#### 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 period. 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.

Key audit matters	How our audit addressed the key audit matter
<p><u>Acquisition of ADN H Catering- L.L.C - O.P.C, A N D H Catering L.L.C and ADN H Compass L.L.C. SP:</u></p> <p>During the year ended 31 December 2024, the Group acquired the remaining 49% of the shares of A D N H Catering L.L.C - O.P.C, A N D H Catering L.L.C, and A D N H Compass L.L.C. SP (referred to as the "Catering Entities"). Through this acquisition, with effect from 31 March 2024, the Group owns 100% of the Catering Entities.</p> <p>This transaction has been accounted for in accordance with IFRS 3 Business Combinations. Management have applied the acquisition method in accounting for the Catering Entities. Independent external specialists were engaged by the Group to perform the Purchase Price Allocation exercise which included determining the fair value of assets and liabilities acquired, and the identification and valuation of the associated intangible assets (customer relationships).</p> <p>We have identified this acquisition transaction as a Key Audit Matter due to the significant judgments and estimates applied.</p> <p>Refer to Notes 2.5, 4.2 and 32 which explain the associated accounting policy, estimates and details of the transaction.</p>	<p>We performed the following procedures over this acquisition transaction:</p> <ol style="list-style-type: none"> <li>1. We obtained and reviewed the Sale and Purchase Agreement ("SPA") in respect of this transaction.</li> <li>2. We assessed whether management's estimates in relation to the accounting for the transaction is in accordance with the requirements of IFRS 3.</li> <li>3. We agreed the fair values of the assets and liabilities acquired to the amounts presented in the consolidated financial statements.</li> <li>4. We, on a sample basis, applied testing procedures on the assets acquired and liabilities assumed in the purchase price allocation.</li> <li>5. We evaluated, with the involvement of our internal experts, the methodology and significant judgements and estimates used by the Group including the identification of intangible assets (customer relationships) and goodwill.</li> <li>6. We assessed, with the involvement of our internal experts, the fair values of a sample of the assets acquired and liabilities assumed.</li> <li>7. We assessed the adequacy of the disclosures in the consolidated financial statements relating to this matter with reference to IFRS Accounting Standards.</li> </ol>

## Independent auditor's report to the shareholders of Abu Dhabi National Hotels Company PJSC (continued)

### Our audit approach (continued)

#### Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matter
<p><u><i>Impairment assessment of properties:</i></u></p> <p>The Group has AED 8.9 billion of properties (land and buildings) classified as 'Property and Equipment' in the consolidated statement of financial position which represents 66% of total assets.</p> <p>The Group undertakes a review of impairment indicators and, wherever indicators exist, performs an impairment assessment by determining if the recoverable amount, exceeds or is equal to its carrying amount.</p> <p>The valuation workings used to assess the carrying value of the land and buildings are based on a number of significant estimates and judgements including future cash flows forecasts and discount rates applied.</p> <p>In the event that the recoverable amount of a property is lower than its carrying amount, the Group recognises an impairment loss in its consolidated statement of profit or loss.</p> <p>As of 31 December 2024, the Group performed an impairment assessment for its properties as impairment indicators existed.</p> <p>The impairment assessment of the properties is considered a Key Audit Matter since it is inherently subjective and requires the use of significant estimates and judgments.</p> <p>Refer to Note 2.25 which explains the accounting policy, Note 5 which explains the valuation methodology used by the Group and Note 4.2 which explains the significant estimates and judgments used by the management in the impairment assessment of the properties.</p>	<p>We performed the following procedures over the impairment assessment of the properties:</p> <ol style="list-style-type: none"> <li>1. We obtained the valuation workings supporting the impairment assessment prepared by management.</li> <li>2. On a sample basis, we reviewed the key assumptions used by management in determining the recoverable amounts of the properties.</li> <li>3. We involved our internal valuation specialists, who assisted us in reviewing and assessing the reasonableness of the valuation methodology and discount rates used in the valuation workings.</li> <li>4. We assessed the sensitivity analysis performed by management over the significant estimates and judgments used to evaluate the extent of the impact of changes in the significant estimates on the conclusion reached by management.</li> <li>5. We assessed the adequacy of disclosures in the consolidated financial statements relating to this matter with reference to IFRS Accounting Standards.</li> </ol>



## Independent auditor's report to the shareholders of Abu Dhabi National Hotels Company PJSC (continued)

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### Other information

The Directors are responsible for the other information. The other information comprises the Chairman's report (but does not include the consolidated financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report, and the Group's Annual Report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and 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.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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### 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 IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 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 are responsible for overseeing the Group's financial reporting process.



## Independent auditor's report to the shareholders of Abu Dhabi National Hotels Company PJSC (continued)

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### 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 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, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.



## Independent auditor's report to the shareholders of Abu Dhabi National Hotels Company PJSC (continued)

### Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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 the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

Further, as required by the UAE Federal Decree Law No. (32) of 2021, we report that:

- (i) we have obtained all the information we considered necessary for the purposes of our audit;
- (ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- (iii) the Group has maintained proper books of account;
- (iv) the financial information included in the Chairman's report is consistent with the books of account of the Group;
- (v) as disclosed in Note 1 to the consolidated financial statements the Group has invested in shares during the year ended 31 December 2024;
- (vi) Note 30 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted; and
- (vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2024, any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024.

PricewaterhouseCoopers Limited Partnership-Abu Dhabi

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Nizar Jichi  
Registered Auditors Number 5596  
Abu Dhabi, United Arab Emirates

14 February 2025


# Abu Dhabi National Hotels Company PJSC

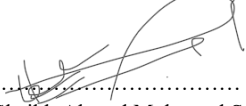
## Consolidated statement of financial position

		As at 31 December	
	Note	2024 AED'000	2023 AED'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	9,796,986	9,953,267
Right-of-use assets	6	33,887	4,774
Investment in associates	7	18,176	17,288
Investment in joint ventures	8	213,971	359,923
Financial asset at fair value through other comprehensive income	9	21,179	21,179
Franchise fee		792	1,072
Intangible assets	10	1,134,489	-
		<u>11,219,480</u>	<u>10,357,503</u>
<b>Current assets</b>			
Inventories	11	26,152	10,445
Trade and other receivables	12	857,853	222,386
Financial assets at FVTPL	13	401,788	-
Term deposits	14	403,307	-
Cash and cash equivalents	15	571,072	377,168
		<u>2,260,172</u>	<u>609,999</u>
<b>Total assets</b>		<u><u>13,479,652</u></u>	<u><u>10,967,502</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	16	1,260,000	1,200,000
Statutory and optional reserves	17	1,000,000	1,000,000
Own shares	18	(114,001)	(83,566)
Asset revaluation reserve	19	5,417,347	5,420,257
Foreign currency translation reserve		-	(289)
Retained earnings		1,978,285	991,773
Proposed dividends	16	567,000	300,000
<b>Capital and reserves attributable to shareholders of the Parent</b>		<u>10,108,631</u>	<u>8,828,175</u>
Non-controlling interests	20	452,614	2,262
<b>Total equity</b>		<u><u>10,561,245</u></u>	<u><u>8,830,437</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings	21	998,451	1,156,185
Provision for employees' end of service benefits	22	153,505	42,443
Deferred income tax liabilities	33	70,162	-
Lease liabilities	23	15,578	-
		<u>1,237,696</u>	<u>1,198,628</u>
<b>Current liabilities</b>			
Bank borrowings	21	697,967	470,102
Current tax liabilities		42,325	-
Lease liabilities	23	24,894	7,176
Trade and other payables	24	915,525	461,159
		<u>1,680,711</u>	<u>938,437</u>
<b>Total liabilities</b>		<u><u>2,918,407</u></u>	<u><u>2,137,065</u></u>
<b>Total equity and liabilities</b>		<u><u>13,479,652</u></u>	<u><u>10,967,502</u></u>


To the best of our knowledge, the consolidated financial statements fairly present, in all material respects, the consolidated financial position, results of operations and consolidated cash flows of the Group as of, and for the year ended 31 December 2024.

These consolidated financial statements were duly approved and authorised for issue by the Board of Directors on 14 February 2025 and signed on its behalf by:

  
**box SIGN** 13KY9390-1522Y56X  
Hamad Salem Mohamed  
Binlouteya Alameri  
Chairman of the Board

  
Sheikh Ahmed Mohamed Sultan  
Suroor Al Dhaheri  
Vice Chairman of the Board and  
Managing Director

  
Khalid Anib  
Chief Executive  
Officer

  
Rami Naim  
Almuhtaseb  
Chief Financial  
Officer

# Abu Dhabi National Hotels Company PJSC

## Consolidated statement of profit or loss

		Year ended 31 December	
		2024	2023
	Note	AED'000	AED'000
Revenue from contracts with customers	25	2,887,613	1,631,156
Cost of sales		(2,240,075)	(1,151,283)
<b>Gross profit</b>		647,538	479,873
General and administrative expenses	26	(186,132)	(25,705)
Net impairment loss of financial assets		(21,623)	(1,649)
Termination fees		-	(101,029)
Fair value gain on financial assets at FVTPL	9	1,788	1,728
Gain on previously held equity interest in joint venture		916,409	-
Other income	28	73,801	52,439
<b>Operating profit</b>		1,431,781	405,657
Finance income		4,476	2,396
Finance costs	29	(114,015)	(121,464)
Finance costs-net		(109,539)	(119,068)
Share of profit from associates	7	1,941	632
Share of profit from joint ventures	8	43,607	135,298
<b>Profit before income tax</b>		1,367,790	422,519
Income tax		(32,503)	-
<b>Profit for the year</b>		1,335,287	422,519
<b>Attributable to:</b>			
Equity holders of the parent		1,327,096	422,420
Non-controlling interests		8,191	99
		1,335,287	422,519
Basic and diluted earnings per share attributable to ordinary equity holders of the parent (AED)	30	0.11	0.034

# Abu Dhabi National Hotels Company PJSC

## Consolidated statement of comprehensive income

	Notes	Year ended 31 December	
		2024 AED'000	2023 AED'000
Profit for the year		1,335,287	422,519
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified subsequently to the statement of profit or loss</i>			
Revaluation of land	5,19	-	1,397,334
Actuarial gain on employees' end of service benefits	22	9,779	-
<b>Total other comprehensive income for the year</b>		<u>9,779</u>	<u>1,397,334</u>
<b>Total comprehensive income for the year</b>		<u>1,345,066</u>	<u>1,819,853</u>
<b>Attributable to:</b>			
Equity holders of the parent		1,334,750	1,819,754
Non-controlling interests		10,316	99
		<u>1,345,066</u>	<u>1,819,853</u>

# Abu Dhabi National Hotels Company PJSC

## Consolidated statement of changes in equity

	Capital and reserves attributable to shareholders of the parent							Non-controlling interests AED'000	Total equity AED'000
	Share capital AED'000	Statutory and operational reserves AED'000	Own shares AED'000	Asset revaluation reserve AED'000	Foreign currency translation reserve AED'000	Retained earnings AED'000	Proposed dividends AED'000		
<b>Balance at 1 January 2023</b>	1,000,000	1,000,000	-	4,022,923	(289)	874,565	400,000	2,163	7,299,362
Profit for the period	-	-	-	-	-	422,420	-	99	422,519
Adjustments	-	-	-	-	-	(5,212)	-	-	(5,212)
Other comprehensive income for the year	-	-	-	1,397,334	-	-	-	-	1,397,334
Total comprehensive income for the year	-	-	-	1,397,334	-	417,208	-	99	1,814,641
Purchase of own shares (Note 18)	-	-	(83,566)	-	-	-	-	-	(83,566)
<b>Transactions with shareholders:</b>									
Bonus shares (Note 16)	200,000	-	-	-	-	-	(200,000)	-	-
Dividends (Note 16)	-	-	-	-	-	-	(200,000)	-	(200,000)
Proposed bonus shares (Note 16)	-	-	-	-	-	(60,000)	60,000	-	-
Proposed dividends (Note 16)	-	-	-	-	-	(240,000)	240,000	-	-
<b>At 31 December 2023</b>	<u>1,200,000</u>	<u>1,000,000</u>	<u>(83,566)</u>	<u>5,420,257</u>	<u>(289)</u>	<u>991,773</u>	<u>300,000</u>	<u>2,262</u>	<u>8,830,437</u>
<b>Balance at 1 January 2024</b>	1,200,000	1,000,000	(83,566)	5,420,257	(289)	991,773	300,000	2,262	8,830,437
Profit for the period	-	-	-	-	-	1,327,096	-	8,191	1,335,287
Other comprehensive income for the year	-	-	-	-	-	7,654	-	2,125	9,779
Total comprehensive income for the year	-	-	-	-	-	1,334,750	-	10,316	1,345,066
Purchase of own shares (Note 18)	-	-	(51,121)	-	-	-	-	-	(51,121)
Transfer of revaluation reserve to retained earnings on disposal of property and equipment (Note 19)	-	-	-	(2,910)	-	2,910	-	-	-
Adjustment	-	-	-	-	289	(289)	-	-	-
Other movement	-	-	20,686	-	-	(7,333)	-	(13,353)	-
Transaction with non-controlling interest	-	-	-	-	-	-	-	(601)	(601)
Gain on partial disposal of a subsidiary (Note 20)	-	-	-	-	-	223,474	-	453,990	677,464
<b>Transactions with shareholders:</b>									
Bonus shares issued	60,000	-	-	-	-	-	(60,000)	-	-
Dividends (Note 16)	-	-	-	-	-	-	(240,000)	-	(240,000)
Proposed dividends	-	-	-	-	-	(567,000)	567,000	-	-
<b>At 31 December 2024</b>	<u>1,260,000</u>	<u>1,000,000</u>	<u>(114,001)</u>	<u>5,417,347</u>	<u>-</u>	<u>1,978,285</u>	<u>567,000</u>	<u>452,614</u>	<u>10,561,245</u>

The notes from 1 to 37 are an integral part of these consolidated financial statements

(12)

# Abu Dhabi National Hotels Company PJSC

## Consolidated statement of cash flows

	Notes	Year ended 31 December	
		2024 AED'000	2023 AED'000
<b>Cash flows from operating activities</b>			
Profit before income tax		1,367,790	422,519
<b>Adjustments for:</b>			
Depreciation of property and equipment	5	263,788	249,224
Depreciation of right-of-use assets	6	34,361	13,736
Share of profit from joint ventures	7,8	(43,607)	(135,298)
Share of profit from associates		(1,941)	(632)
Provision for impairment loss of financial assets	12	21,623	1,649
Provision for employees' end of service benefits	22	33,939	11,238
Reversal of provision for contract termination fees		-	(40,000)
Gain on disposal of property and equipment	28	(67,064)	(12,896)
Fair value gain on financial assets carried at fair value through profit or loss	13	(1,788)	-
Finance costs	29	114,015	121,464
Finance income		(4,476)	(2,396)
Gain on previously held equity interest in joint venture	8	(916,409)	-
Reversal of accruals		-	(30,757)
Slow moving inventory provision	11	1,235	-
Amortisation of intangible assets	10	30,667	-
Amortisation of franchise fee		280	129
<b>Operating cash flows before payment of employees' end of service benefits and changes in working capital</b>		832,413	597,980
Payment of employees' end of service benefits	22	(25,570)	(8,462)
<b>Changes in working capital</b>			
Inventories		(3,612)	1,975
Trade and other receivables		37,580	(19,323)
Trade and other payables		(322,750)	45,737
<b>Net cash generated from operating activities</b>		518,061	617,907
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	5	(114,569)	(190,485)
Proceeds from disposal of property and equipment		40,327	17,591
Payment for acquisition of subsidiaries, net of cash acquired	32	76,653	-
Payment for acquisition of a joint venture	8	(30,000)	-
Investment in an associate		-	(2,160)
Dividends received from joint ventures and an associate	7,8	155,684	136,720
Term deposits placed with maturity of more than three months	14	(400,000)	-
Purchase of financial assets at fair value through profit and loss	13	(400,000)	-
Proceeds from sale of financial assets at fair value through profit and loss	13	-	24,801
Finance income received		1,169	2,396
<b>Net cash used in investing activities</b>		(670,736)	(11,137)

# Abu Dhabi National Hotels Company PJSC

## Consolidated statement of cash flows (continued)

		Year ended 31 December	
		2024	2023
	Note	AED'000	AED'000
<b>Cash flows from financing activities</b>			
Drawdown of borrowings		875,974	569,487
Acquisition of own shares		(51,121)	(80,000)
Dividends paid	16	(240,000)	(200,000)
Principal elements of lease payments	23	(30,178)	(14,928)
Repayment of borrowings		(814,746)	(1,219,788)
Proceeds from partial disposal of subsidiaries		720,665	-
Finance cost paid on lease liabilities		(2,307)	(325)
Interest paid	29	(111,708)	(121,139)
<b>Net cash generated/(used in) financing activities</b>		<b>346,579</b>	<b>(1,066,693)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>193,904</b>	<b>(459,923)</b>
Cash and cash equivalents at the beginning of the year	15	377,168	837,091
<b>Cash and cash equivalents at the end of the year</b>	<b>13</b>	<b>571,072</b>	<b>377,168</b>
<b>Non-cash transactions:</b>			
Reversal of accruals		-	30,757
Revaluation of land	5	-	1,397,334
Bonus shares		60,000	60,000
Transfer of revaluation reserve to retained earnings		2,910	-
Acquisition of subsidiaries (net assets acquired through business combination excluding cash and cash equivalents)		539,323	-
Right-of-use assets (Note 6)		10,203	-
Lease liabilities (Note 23)		10,203	-



# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024

### 1 General information

Abu Dhabi National Hotels Company PJSC (the “Company”), a public shareholding company, was incorporated in Abu Dhabi, United Arab Emirates (“UAE”) on 13 April 1975 by Law No. (3) as amended by Law No. (5) of 1978, to own and manage hotels and to undertake other related business. The Company’s shares are listed on Abu Dhabi Securities Exchange. The address of its registered office is P.O. Box 46806, Abu Dhabi, United Arab Emirates.

The Group owns twelve hotels within the UAE (Radisson Blu Abu Dhabi, Radisson Blu Al Ain, Abu Dhabi Sheraton Hotel, Le Meridien Abu Dhabi, Sofitel Hotel – Dubai Jumeirah Beach, Park Hyatt Abu Dhabi Hotel and Villas, Ritz Carlton Abu Dhabi Grand Canal, Kempinski Central Avenue Hotel LLC, Kempinski The Boulevard Hotel LLC, MDD Hotel LLC, VDD Hotel LLC and Dubai Marina Hotel LLC) that are managed by international hotel operating companies or operating under a franchise agreement. The Group also has tourism services, transportation services, and catering services.

The Company has investments in the following subsidiaries as of 31 December 2024 and 31 December 2023.

Name	Country of operation	Principal activity	Interest (%)	
			31 December 2024	31 December 2023
Al Ghazal Transport – (“Subsidiary”)	United Arab Emirates	Transport services	100	100
Dome Hotels LLC (“Subsidiary”)	United Arab Emirates	Hospitality	100	100
ADNMC Sole proprietorship LLC (“Subsidiary”)	United Arab Emirates	Hospitality	100	100
Em Sherif Café West Bay LLC (“Subsidiary”)	United Arab Emirates	Food and beverage	80	80
ADNM RAK INVESTMENTS L.L.C- O.P.C – Sole Proprietorship L.L.C (“Subsidiary”)	United Arab Emirates	Hospitality	100	100
ADRM Restaurants Management – Sole Proprietorship LLC. (“Subsidiary”)	United Arab Emirates	Restaurant management	100	100
National Facility Management Company – Sole Proprietorship LLC (“Subsidiary”)	United Arab Emirates	Maintenance	100	100
ADNH General Security Guard Arab guard Services LLC (“Subsidiary”)	United Arab Emirates	Security guard services	100	100
A D N H Catering plc (“Subsidiary”)*	United Arab Emirates	Catering	60	-

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 1 General information (continued)

A D N H Catering plc sub-group consists of the following entities:

Name	Country of operation	Principal activity	Interest (%)	
			31 December 2024	31 December 2023
ADNH Catering L.L.C ("Subsidiary")**	United Arab Emirates	Catering	100	-
ADNH Compass L.L.C. SP ("Subsidiary")**	United Arab Emirates	Catering	100	-
ADNH Catering - L.L.C - O.P.C ("Subsidiary")**	United Arab Emirates	Catering	100	-

The Company also has investments in the following associates and joint ventures as of 31 December 2024 and 31 December 2023.

Name	Country of operation	Principal activity	Interest (%)	
			31 December 2024	31 December 2023
Compass Arabia Ltd. ("Joint Venture") ("ADNH Compass – KSA")	Gulf and the Middle East	Catering and contract services	30	30
Compass Catering Services W.L.L. ("Joint Venture") ("ADNH Compass – Qatar")	Gulf and the Middle East	Catering and contract services	50	50
High Spirits LLC ("Joint Venture")	United Arab Emirates	Food and beverage	50	50
M Five Cleaning Services LLC ("Joint Venture")	United Arab Emirates	Cleaning Services	50	-
Overseas Tourist Investment Company Limited ("Associate")	Jersey, Channel Islands	Tourist complexes	38.46	38.46
Prime Concept Café & Restaurant LLC ("Associate")	United Arab Emirates	Food and beverage	43	43

\* During October 2024, the Group sold 40% shares of this entity to the market and listed this entity on Abu Dhabi Securities Exchange (ADX). Subsequently, the Group purchased 6% of the shares of this Entity from the market.

\*\* During the year ended 31 December 2024, the following acquisition and reorganisation transactions were completed within the Group:

Prior to 31 March 2024, the Group had joint control over ADNH Catering- L.L.C - O.P.C, ADNH Catering L.L.C and ADNH Compass L.L.C. SP. On 31 March 2024, the Group acquired control over these entities through acquisition of the remaining 49% legal shareholding, making each of the three entities wholly owned subsidiaries of the Group.

# **Abu Dhabi National Hotels Company PJSC**

## **Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)**

### **1 General information (continued)**

During June 2024, the Company transferred its 100% equity interests in ADN H Catering L.L.C. and ADN H Compass L.L.C. SP to ADN H Catering LLC OPC. Further, the Company transferred its 100% equity interest in ADN H Catering LLC OPC to A D N H Catering plc, a newly established wholly owned subsidiary of the Group incorporated under laws of Abu Dhabi Global Market (“ADGM”). These transfers did not have any impact on the consolidated financial statements.

During the year, the Group made investments as disclosed in Note 8, 13, and 32.

### **2 Material accounting policies**

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

#### **2.1 Basis of preparation**

The consolidated financial statements have been prepared under the historical cost basis, except for the re-measurement of certain financial instruments at fair value and revaluation of land.

The consolidated financial statements are presented in UAE Dirhams (“AED”), which is the functional currency of the Company/Group, and all values are rounded to the nearest thousand (AED ‘000) except when otherwise indicated.

#### **2.2 Statement of compliance**

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards (IFRS), IFRS Interpretations Committee (“IFRS IC”) interpretations as issued by the International Accounting Standards Board (“IASB”) applicable to companies reporting under IFRS and applicable requirements of laws of the UAE Federal Decree Law No. 32 of 2021.

#### **Going concern**

The management have, at the time of approving the consolidated financial statements, made a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, management continues to adopt the going concern basis of accounting in preparing the consolidated financial statements.

#### **2.3 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company, including its hotels, and subsidiaries as of 31 December each year.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 2 Material accounting policies (continued)

#### 2.3 Basis of consolidation (continued)

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

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.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments 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.

When the Group loses control of a subsidiary, the profit or loss on disposal 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 (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

# **Abu Dhabi National Hotels Company PJSC**

## **Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)**

### **2 Material accounting policies (continued)**

#### **2.4 Change in accounting policies**

##### ***New and revised IFRS applied in the preparation of the consolidated financial statements***

The following new and revised IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2024 have been adopted in this financial information. The application of these revised IFRS Accounting Standards and interpretations have not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

##### ***Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1 (effective 1 January 2024)***

Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (for example, the receipt of a waiver or a breach of covenant that an entity is required to comply with only after the reporting period).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either on or before the reporting date, this needs to be considered in the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants with which the entity must comply within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability;
- information about the covenants (including the nature of the covenants and when the entity is required to comply with them); and
- facts and circumstances, if any, that indicate that the entity might have difficulty complying with the covenants.

##### ***Lease liability in sale and leaseback – Amendments to IFRS 16 (effective 1 January 2024)***

In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments must be applied retrospectively in accordance with the requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.

# **Abu Dhabi National Hotels Company PJSC**

## **Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)**

### **2 Material accounting policies (continued)**

#### **2.4 Change in accounting policies (continued)**

##### ***Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 (effective 1 January 2024)***

On 25 May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require specific disclosures about supplier finance arrangements (SFAs). The amendments respond to the investors' need for more information about SFAs to be able to assess how these arrangements affect an entity's liabilities, cash flows and liquidity risk. The new disclosures will provide information about:

- (1) The terms and conditions of SFAs.
- (2) The carrying amount of financial liabilities that are part of SFAs, and the line items in which those liabilities are presented.
- (3) The carrying amount of the financial liabilities in (2), for which the suppliers have already received payment from the finance providers.
- (4) The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.
- (5) Non-cash changes in the carrying amounts of financial liabilities in (2).
- (6) Access to SFA facilities and concentration of liquidity risk with the finance providers.

Entities will be required to aggregate the information that they provide about SFAs. However, entities should disaggregate information about terms and conditions that are dissimilar, disclose explanatory information where the range of payment due dates is wide, and disclose the type and effect of non-cash changes that are needed for comparability between periods.

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.

The application of the amendments had no significant impact on the Group's consolidated financial statements.

##### ***New and revised IFRS issued but not yet effective and not early adopted***

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 31 December 2024, and which the Group has not early adopted.

# **Abu Dhabi National Hotels Company PJSC**

## **Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)**

### **2 Material accounting policies (continued)**

#### **2.4 Change in accounting policies (continued)**

##### ***Amendments to IAS 21 - Lack of Exchangeability (effective 1 January 2025, early adoption is available)***

In August 2023, the IASB amended IAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. Prior to these amendments, IAS 21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary.

These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. Early application is permitted (subject to any endorsement process).

##### ***Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective 1 January 2026)***

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The amendments in (b) are most relevant to financial institutions, but the amendments in (a), (c) and (d) are relevant to all entities. The amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted subject to any endorsement process.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 2 Material accounting policies (continued)

#### 2.4 Change in accounting policies (continued)

##### *IFRS 18, 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027, early adoption is permitted)*

This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general

##### *IFRS 19, 'Subsidiaries without Public Accountability: Disclosures' (effective 1 January 2027, early adoption is permitted)*

This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries.

A subsidiary is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

The Group is currently assessing the impact of these standards, and amendments on the future consolidated financial statements of the Group and intends to adopt these, if applicable, when they become effective.

#### 2.5 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.



# **Abu Dhabi National Hotels Company PJSC**

## **Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)**

### **2 Material accounting policies (continued)**

#### **2.5 Business combinations (continued)**

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

#### **2.6 Goodwill**

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date.

If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 2 Material accounting policies (continued)

#### 2.7 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss, except where mentioned otherwise. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Assets under construction are stated at cost and are not depreciated. When commissioned, assets under construction are transferred to the appropriate property and equipment asset category and depreciated in accordance with the Group's policies.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the profit or loss in the period in which they are incurred.

The land is measured at fair value. Valuations are performed periodically to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the assets revaluation reserve included in the equity section of the consolidated statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the consolidated statement of profit or loss, in which case the increase is recognised in the consolidated statement of profit or loss. A revaluation deficit is recognised in the consolidated statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation on other property and equipment is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful lives as follows:

Buildings	10 - 40
Mechanical, electrical, and plumbing	10 - 25
Furniture, fixtures, and operating equipment	2 - 12
Motor vehicles	3 - 6

The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 2 Material accounting policies (continued)

#### 2.8 Capital work-in-progress

Capital work-in-progress is stated at cost. All costs directly attributable to bringing the asset to the location and condition necessary for it to be used in the manner intended by management are included in the construction cost. No depreciation is charged on such assets until available for use. When commissioned, capital work-in-progress is transferred to the appropriate property and equipment asset category and depreciated in accordance with the Group's policies.

#### 2.9 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*

At the commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components (if any) and will instead account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 2 Material accounting policies (continued)

#### 2.9 Leases (continued)

##### *Group as a lessee (continued)*

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (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 of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents 'right-of-use assets' and 'lease liabilities' as separate line items in the consolidated statement of financial position.

##### **Short-term leases and leases of low-value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

# **Abu Dhabi National Hotels Company PJSC**

## **Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)**

### **2 Material accounting policies (continued)**

#### **2.9 Leases (continued)**

##### *Group as a lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### **2.10 Investment in associates and joint ventures**

An associate is an entity over which the Group has significant influence. 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.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associates and joint ventures are accounted for using the equity method.

When the Group receives investment in joint ventures from other entities under common control where such transfers reflect transactions with owners in their capacity as owners, on initial recognition, these investments are accounted at their respective carrying amounts as recorded in the transferor's financial statements. The difference between consideration paid and the carrying amount is reflected as 'Additional contributed capital' within equity.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

# **Abu Dhabi National Hotels Company PJSC**

## **Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)**

### **2 Material accounting policies (continued)**

#### **2.10 Investment in associates and joint ventures (continued)**

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

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

#### **2.11 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 realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 2 Material accounting policies (continued)

#### 2.11 Current versus non-current classification (continued)

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.

#### 2.12 Franchise fee

Expenditure on franchise fee is capitalised and amortised using the straight-line method over a period of 10 years which reflects the term of the franchise agreements. Franchise fee is reviewed for impairment whenever the events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

#### 2.13 Intangible assets

##### Customer contracts

Customer contracts are recognised at their fair values at the date of acquisition and are subsequently amortised on a straight-line basis, based on the timing of projected cash flows of the contracts over their estimated remaining terms.

Intangible assets are reported at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

The estimated useful lives of the intangible assets are as follows:

	<i>Years</i>
Customer relationships	20

# **Abu Dhabi National Hotels Company PJSC**

## **Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)**

### **2 Material accounting policies (continued)**

#### **2.14 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method and comprises invoiced cost, freight and other charges incurred in bringing inventory to its present location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

#### **2.15 Trade and other receivables**

Trade receivables are amounts due from customers for services performed or goods sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the consolidated statement of comprehensive income. When a receivable balance is uncollectible, it is written off against the provision for impairment of receivables. Subsequent recoveries of amounts previously written off are credited in the profit or loss. The Group applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for receivables.

#### **2.16 Contract assets**

Contract asset is recognised when a performance obligation is satisfied and revenue has been recognised, but the payment remains conditional on the Group's future performance. The Group can only invoice the customer after satisfying additional performance obligations within the same contract. Upon completion of the performance obligation, the amount recognised as contract assets is reclassified to trade receivables. Contract assets are subject to impairment assessment.

#### **2.17 Cash and cash equivalents**

In the consolidated statement of financial position, Cash and cash equivalents comprise cash (i.e. cash at bank and cash equivalents). Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and at bank as defined above.



# **Abu Dhabi National Hotels Company PJSC**

## **Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)**

### **2 Material accounting policies (continued)**

#### **2.18 Share capital**

Share capital represents the nominal (par) value of shares that have been issued to the shareholders. The Company may issue shares up to its authorised share capital. Each share has a nominal (par) value of AED 0.1.

#### **2.19 Own shares**

Own equity instruments that are reacquired (own shares) are recognised at cost and deducted from equity. No gain or loss is recognised in consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium. Such own shares may be acquired and held by the entity or by the other members of the consolidated group. Consideration paid or received shall be recognised directly in equity.

#### **2.20 Bank borrowings**

After initial recognition, bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

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

#### **2.21 Employee benefits**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability or asset recognised in the consolidated statement of financial position in respect of plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated statement of financial position.

# **Abu Dhabi National Hotels Company PJSC**

## **Notes to the consolidated financial statements for the year ended 31 December 2024** (continued)

### **2 Material accounting policies** (continued)

#### **2.21 Employee benefits** (continued)

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

With respect to UAE nationals employed by the Group, the Group makes contributions to the relevant UAE Government pension scheme calculated as a percentage of the employees' salaries. The obligations under these schemes are limited to these contributions, which are expensed when due.

#### **2.22 Provisions and contingent liabilities**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and expected net cost of continuing with the contract, which is determined based on incremental costs necessary to fulfil the obligation under the contract. Before a provision is established, the Group recognises an impairment loss on the assets associated with that contract.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset only if it is virtually certain that reimbursement will be received and the amount can be measured reliably.

Contingent liabilities are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the Group's control; or are present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require outflow of economic benefits, or because the amount of the obligations cannot be reliably measured.

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements, unless they are remote.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 2 Material accounting policies (continued)

#### 2.23 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### 2.24 Foreign currencies

##### *(a) Functional and presentation currency*

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Company/Group operates (the “functional currency”). The consolidated financial statements are presented in UAE Dirham (AED), which is the Group’s functional and presentation currency.

##### *(b) Transactions and balances*

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

#### 2.25 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 2 Material accounting policies (continued)

#### 2.25 Impairment of non-financial assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent that it reverses previously recorded revaluation gains.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 2.26 Financial assets

##### (a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised 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. 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 amortised 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. 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.

##### (b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- (i) Financial assets at amortised cost (debt instruments, cash and cash equivalents and trade receivables)
- (ii) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- (iii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- (iv) Financial assets at fair value through profit or loss

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 2 Material accounting policies (continued)

#### 2.26 Financial assets (continued)

##### (b) Subsequent measurement (continued)

The Group has the following financial assets:

##### *Cash and cash equivalents*

Cash and cash equivalents which include cash on hand and deposits held at call with banks with original maturities of three months or less, are classified as financial assets at amortised cost.

##### (c) Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- (i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

##### (d) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Equity instruments designated at fair value through OCI are not subject to impairment assessment.

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

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 2 Material accounting policies (continued)

#### 2.26 Financial assets (continued)

##### (e) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss. This category includes quoted and unquoted equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on quoted and unquoted investments are recognised under investment and other income in the consolidated statement of profit or loss when the right of payment has been established.

##### (f) *Impairment of financial assets*

The Group recognises 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 recognised 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, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises 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 90 days 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.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 2 Material accounting policies (continued)

#### 2.26 Financial assets (continued)

##### *(g) Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

#### 2.27 Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### *(a) Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

##### *(b) Financial liabilities*

Trade and other payables and borrowings of contractual liabilities are classified as 'financial liabilities' and are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for short term liabilities when the recognition of interest is immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

##### *(c) Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

#### 2.28 Offsetting of financial instruments

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

# **Abu Dhabi National Hotels Company PJSC**

## **Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)**

### **2 Material accounting policies (continued)**

#### **2.28 Offsetting of financial instruments (continued)**

##### **Non-financial assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### **2.29 Fair value measurement**

The Group measures financial instruments such as financial assets at fair value through other comprehensive income at fair value at each consolidated statement of financial position 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.



# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 2 Material accounting policies (continued)

#### 2.29 Fair value measurement (continued)

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.

#### 2.30 Dividends paid to shareholders

The Group recognises a liability to make cash distributions to the shareholders when the distribution is authorised. As per the laws and regulation applicable in UAE, a distribution is authorised when it is approved by the shareholders. The amount is recognised directly in equity

#### 2.31 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under IFRS 15, revenue is measured based on the consideration specified in a contract with a customer and excludes amount collected on behalf of third parties.

The Group recognises revenue from contracts with customers based on the five step model set out in IFRS 15:

- Step 1* Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2* Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3* Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4* Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5* Recognise revenue when (or as) the Group satisfies a performance obligation.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 2 Material accounting policies (continued)

#### 2.31 Revenue from contracts with customers (continued)

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The Group's performance does not create an asset with an alternate use to the Group and the Group has as an enforceable right to payment for performance completed to date.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

If the Group acts in the capacity of an agent rather than as the principal in a transaction, then the revenue recognised is the net amount of costs made by the Group (where applicable).

The Group recognises revenue from the following major sources:

##### *(a) Room revenue*

Hotel room revenue corresponds to the revenue received from guests specifically for room rentals. Room rentals represent a distinct performance obligation, with prices invoiced to guests reflecting their stand-alone selling prices. This obligation is fulfilled over time, as revenue is recognized progressively over the duration of the guest's stay within the hotel.

##### *(b) Catering*

The services rendered to the customers are representative of their stand-alone selling prices. These obligations are fulfilled at a point in time, when they have been delivered.

##### *(c) Food and beverage*

The sale of goods (including food and beverage sales) to the customers are representative of their stand-alone selling prices. These obligations are fulfilled at a point in time, when they have been delivered.

##### *(d) Manpower*

Income from manpower services is recognised in the accounting period when the related services have been performed and accepted by the customers and there are no significant uncertainties regarding recovery of the consideration due, associated costs or the rejection of the services provided.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 2 Material accounting policies (continued)

#### 2.31 Revenue from contracts with customers (continued)

##### (d) *Manpower* (continued)

Revenue is stated net of discounts and returns. The revenue from manpower services is recognised overtime using input method on the basis of Group's efforts to the satisfaction of a performance obligation in accounting for its services. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under IFRS 15.

##### (e) *Rental revenue*

Rental revenue for hotels includes income generated from leasing hotel spaces for extended stays, commercial use, or other rental agreements. This revenue stream represents a distinct performance obligation, with prices reflecting their stand-alone selling prices. Revenue is recognized over time, in accordance with the rental period agreed upon in the contract, as the obligation is fulfilled progressively throughout the rental duration.

##### (f) *Transportation services*

This revenue represents a distinct performance obligation, with fares charged reflecting their stand-alone selling prices. Revenue is recognized at a point in time, upon completion of the taxi service, as the obligation is fulfilled when the passenger reaches their designated destination.

##### (g) *Fixed fee service*

Fixed fee services include cleaning and maintenance solutions. Income from fixed fee services is recognised in the accounting period when the related services have been performed and accepted by the customers and there are no significant uncertainties regarding recovery of the consideration due, associated costs or the rejection of the services provided. Revenue is stated net of discounts and returns. The revenue from rendering of services is recognised overtime using input method on the basis of Group's efforts to the satisfaction of a performance obligation in accounting for its services. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under IFRS 15.

##### (h) *Recreational and wellness facilities*

Recreational and wellness facilities revenue includes income generated from services such as spa treatments, fitness centers, swimming pools, sports facilities, and other wellness-related offerings. These services represent distinct performance obligations, with prices reflecting their stand-alone selling prices. Revenue is recognized at a point in time when the service is rendered or the facility is used, as the obligation is fulfilled upon delivery of the service to the customer.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 2 Material accounting policies (continued)

#### 2.31 Revenue from contracts with customers (continued)

##### (i) Other revenue

Other revenues mainly represent tours, gardening services, pest control and façade cleaning services. Revenues from these items are recognized at point in time.

#### 2.32 Other income

##### *Dividends*

Dividend income from investments is recognised in the consolidated statement of profit and loss when the shareholders' rights to receive payment is established.

#### 2.33 Finance income

##### *Interest income*

Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### 2.34 Income tax

Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the period, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Taxable profits or losses are based on estimates if the financial information is authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

##### *Current tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised in the consolidated statement of profit or loss.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 2 Material accounting policies (continued)

#### 2.34 Income tax (continued)

##### *Deferred tax*

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill, and subsequently for goodwill which is not deductible for tax purposes. Deferred taxes are recorded on temporary differences arising after initial recognition of goodwill, including those arising on initial introduction of the tax law in the UAE. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Group does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

#### 2.35 Segment reporting

The Board Executive Committee is the Chief Operating Decision Maker (CODM) and monitors 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. Operating segments are reported in a manner consistent with the internal reporting provided to the Board Executive Committee.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 3 Financial risk management

#### 3.1 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

There were no changes in the Group's approach to capital management during the year.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at the year-end were as follows:

	2024 AED'000	2023 AED'000
Bank borrowings (Note 21)	1,696,418	1,626,287
Cash and cash equivalents (Note 15)	(571,072)	(377,168)
Net debt	1,125,346	1,249,119
Equity	10,561,245	8,830,437
Capital and net debt	11,686,591	10,079,556
Gearing ratio	10%	12%

#### 3.2 Financial instruments by category

##### Financial assets

###### Financial assets at amortised cost

Trade and other receivables (excluding prepayments)	806,308	166,528
Cash and cash equivalents	571,072	377,168

###### Financial assets at fair value through other comprehensive income (FVOCI)

	21,179	21,179
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Term deposits	403,307	-
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Financial assets at fair value through profit or loss (FVPL)	401,788	-
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	2,203,654	564,875
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##### Financial liabilities

###### Financial liabilities at amortised cost

Trade and other payables	869,741	432,668
Lease liabilities	40,472	7,176
Bank borrowings	1,696,418	1,626,287
	2,606,631	2,066,131

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 3 Financial risk management (continued)

#### 3.2 Financial instruments by category (continued)

The Group is exposed to the following risks related to financial instruments – market risk (including foreign exchange risk, price risk and cash flow risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management process focuses on the unpredictability of the financial markets and seeks to optimise potential adverse effects on the Group's financial performance.

#### 3.3 Financial risk management objectives

##### (a) Market risk management

##### (i) Foreign exchange risk

The Group does not have any significant exposure to currency risk as most of its monetary assets and liabilities are denominated in UAE Dirhams or in US Dollars, the latter being pegged to the UAE Dirham.

##### (ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group management.

The following table demonstrates the sensitivity of the cumulative change in the fair value to reasonably possible changes in investment prices, with all other variables held constant. The effect of decrease in investment prices is expected to be equal and opposite to the effect of the increase shown.

	2024			2023		
	Change in equity price	Carrying value AED'000	Effect of change AED'000	Change in equity price	Carrying value AED'000	Effect of change AED'000
Financial assets at fair value through OCI		21,179			21,179	
Financial assets at fair value through profit or loss		401,788			-	
		<u>422,967</u>			<u>21,179</u>	
Change	1%		<u>4,229</u>	1%		<u>211</u>

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 3 Financial risk management (continued)

#### 3.3 Financial risk management objectives (continued)

##### (a) Market risk management (continued)

##### (iii) Cash flow and fair value interest rate risks

The Group's interest rate risk arises from bank borrowings (term loans), and term deposits. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Term deposits issued at fixed rates expose the Group to fair value interest rate risk. The Group analyses its interest rate exposure on dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing, and hedging, if any.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates and term deposits. At 31 December 2024, if interest rates on borrowings had been 10 basis points higher/lower with all other variables held constant, profit for the year would have been AED 1.7 million (2023: AED 1.63 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At 31 December 2024, if interest rates on term deposits had been 10 basis points higher/lower with all other variables held constant, profit for the year would have been AED 403 thousand (2023: Nil) lower/higher, mainly as a result of higher/lower interest income on floating rate term deposits.

##### (b) Credit risk management

Credit risk is managed on Group basis, except for credit risk relating to trade receivables balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Individual risk limits are based on management's assessment on a case-by-case basis. The utilisation of credit limits is regularly monitored.

The Group's policy is to place cash and cash equivalents and short terms deposits with reputable banks and financial institutions. The cash and cash equivalents are held with banks, which are rated A to Aa3, based on Moody's ratings.

Refer to Note 12 for the significant concentrations of credit risk within the Group. There are policies in place to ensure that services are rendered to customers with an appropriate credit history. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. During the year, the credit risk relating to trade receivables is not significantly changed.



# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 3 Financial risk management (continued)

#### 3.3 Financial risk management objectives (continued)

##### (b) Credit risk management (continued)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 December 2024 AED'000	31 December 2023 AED'000
Trade and other receivables	806,308	166,528
Financial assets at fair value through other comprehensive income (FVOCI)	21,179	21,179
Financial assets at fair value through profit or loss (FVPL)	401,788	-
Term deposits	403,307	-
Cash and cash equivalents	571,072	377,168
	<u>2,203,654</u>	<u>564,875</u>

##### *Trade receivables*

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

##### *Due from related parties*

Related parties have been transacting with the Group since its inception and as at the reporting date, management believes that impairment loss in relation to amount due from related parties is immaterial and accordingly has not established an allowance. The Group does not require collateral in respect of its amount due from related parties. The Group does not have amounts for which no loss allowance is recognised because of collateral.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 3 Financial risk management (continued)

#### 3.3 Financial risk management objectives (continued)

##### (b) Credit risk management (continued)

###### *Cash and cash equivalents*

With respect to cash and cash equivalents of AED 571,072 thousand as at 31 December 2024 (2023: AED 377,168 thousand), only banks that are rated A to Aa3, based on Moody's ratings, are accepted.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash at bank has a low credit risk because the counterparties have high credit-ratings assigned by international credit-rating agencies.

##### (c) Liquidity risk management

Liquidity risk is the risk that the Group will be unable to meet its funding requirements. The maturity profile of financial liabilities is monitored by management to ensure adequate liquidity is maintained.

Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group Finance. The Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.

Such forecasting takes into consideration the Group's debts financing plans, covenant compliance and compliance with internal consolidation statement of financial position targets.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	<b>On demand AED'000</b>	<b>Less than 3 months AED'000</b>	<b>3 to 12 months AED'000</b>	<b>1 to 5 years AED'000</b>	<b>Total AED'000</b>
<b>At 31 December 2024</b>					
Bank borrowings	-	-	697,967	998,451	1,696,418
Lease liabilities	-	-	24,894	15,578	40,472
Trade and other payables	-	-	915,525	-	915,525
Total	-	-	1,638,386	1,014,029	2,652,415

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 3 Financial risk management (continued)

#### 3.3 Financial risk management objectives (continued)

##### (c) Liquidity risk management (continued)

	On demand AED'000	Less than 3 months AED'000	3 to 12 months AED'000	1 to 5 years AED'000	Total AED'000
<b>At 31 December 2023</b>					
Bank borrowings	-	-	470,102	1,156,185	1,626,287
Lease liabilities	-	-	7,176	-	7,176
Trade and other payables	-	432,580	-	-	432,580
<b>Total</b>	<b>-</b>	<b>432,580</b>	<b>477,278</b>	<b>1,156,185</b>	<b>2,066,043</b>

#### 3.4 Fair value of financial instruments

The Group's management considers that the fair values of financial assets and financial liabilities approximates to their carrying amounts as stated in the consolidated financial statements.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Management has determined the fair value of these unquoted investments by applying an appropriate risk adjusted liquidity discount on the net assets of the investee companies.

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>31 December 2024</b>				
Investment securities	401,788	-	21,179	422,967
<b>31 December 2023</b>				
Investment securities	-	-	21,179	21,179

The carrying values of the Group's financial assets and financial liabilities as at 31 December 2024 are not materially different from their fair values.

# **Abu Dhabi National Hotels Company PJSC**

## **Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)**

### **4 Critical accounting judgments and key sources of estimation of uncertainty**

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 discussed below.

While applying the accounting policies as stated in Note 2, management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the key judgments and 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.

#### **4.1 Critical judgements**

##### *(a) Business combinations*

The Group primarily considers the following information and criteria when determining whether it has control over an entity:

- governance arrangements: voting rights and whether the Group is represented in the governing bodies, majority rules and veto rights etc;
- the nature of substantive or protective rights granted to shareholders, relating to the entity's relevant activities;
- rules for appointing key management personnel; and
- whether the Group is exposed, or has rights, to variable returns from its involvement with the entity etc.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 4 Critical accounting judgments and key sources of estimation of uncertainty (continued)

#### 4.1 Critical judgements (continued)

##### (a) Business combinations (continued)

In relation to ADN Catering – L.L.C – O.P.C, ADN Catering L.L.C and ADN Compass L.L.C. SP (together “ADNH Catering – UAE entities”) (Note 22), the Group has obtained rights through the signing of the Sale and Purchase Agreement (“SPA”) and the notarised Share Transfer Agreements (“Agreements”) over these entities. The Group can unilaterally direct the relevant activities of the ADN Catering – UAE entities as these decisions are decided by voting rights, and the Group has 100% voting rights as at 31 March 2024. The Group has the unilateral ability to hire and remove any key management who are responsible for the activities of the ADN Catering – UAE entities, which provides evidence of operational control. The Group is directly and significantly exposed and has rights to variable returns from ADN Catering- UAE entities and is able to use its power over these entities to affect the returns.

Accordingly, the Group has concluded that it has control over ADN Catering – UAE entities.

##### (b) Joint arrangement

The Group holds 50% of the voting rights of its joint arrangement. The Group has joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities. The Group’s joint arrangement provides the Group and the parties to the agreements with rights to the net assets. Therefore, this arrangement is classified as a joint venture.

##### (c) Inventories

The Group has engaged Seven Seas Storage Management, a third-party logistics service provider, for warehousing and delivery management services. As per the terms of the agreement legal title in the goods at all times vests with Seven Seas until the goods are handed over to the Group at the delivery point. Seven seas can set a price with ultimate vendors and has the right to hold/sell the inventory to any other party. Seven Seas has also taken out and maintained insurance policies at its expense during the term of this agreement. Management has reviewed the detailed criteria under IAS 2 “*Inventories*”, the definition of an asset under the Framework and the terms of the agreement with Seven Seas Storage Management and is satisfied that the cost of inventories held at the Seven Seas Storage Management’s warehouse at period end should not be recorded in the consolidated financial statements.

##### (d) Principal versus agent consideration

The Group’s performance obligation is to arrange for the specified goods to the customer, in some cases, where the Group does not control the specified goods before those goods are transferred to the customer, when the Group satisfies a performance obligation, the Group recognises marginal income which it expects to be entitled in exchange for arranging for the specified goods to be provided by the other party. The Group’s primary obligation is to arrange for specific goods, and accordingly, acts as agent on those specified goods since:

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 4 Critical accounting judgments and key sources of estimation of uncertainty (continued)

#### 4.1 Critical judgements (continued)

##### (d) *Principal versus agent consideration* (continued)

- the Group does not control the specified goods provided by other parties before the goods are transferred to the customer. For all the goods imported, the end customer is mentioned in the bill of lading thus confirming the goods are restricted to that end customer;
- primary responsibility for the fulfilling the promise does not rest with the Group;
- the Group does not bear any inventory risk since the ownership of the infrastructure, as set out in the contracts;
- the Group does not have the price risk on the contracts;
- customers retain the right to remove the Group to provide goods based on their convenience without default from the Group.

#### 4.2 Estimates and assumptions

##### (a) *Useful lives of property and equipment*

The management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and the future depreciation charge would be adjusted where management believes that the useful lives differ from previous estimates.

##### (b) *Revaluation of land*

The Group carries its land at fair value less impairment losses recognised after the date of the revaluation. Valuations are performed periodically enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. During the year ended 31 December 2023, the Group engaged an accredited independent valuer to determine the fair value of the land (Note 5). The Group believes that there is no significant change in the fair value of the land at the reporting date.

##### (c) *Goodwill*

For intangible assets with indefinite useful lives (goodwill), the Group assesses annually or more frequently where indicators exist that suggest the intangible asset might be impaired by comparing the recoverable amounts with their carrying amounts. In determining the recoverable amounts of goodwill, the Group makes estimates and assumptions about future cash flows based on the value in use. In doing so, management makes assumptions and estimates regarding the discount rates in order to calculate the net present value of the future cash flows. Management tests at least annually whether goodwill is impaired by comparing the recoverable amounts of cash-generating units with their carrying amounts.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 4 Critical accounting judgments and key sources of estimation of uncertainty (continued)

#### 4.2 Estimates and assumptions (continued)

##### (c) Goodwill (continued)

The recoverable amount is the higher of the fair value less cost of disposal and the value in use. In determining the recoverable amount, management makes estimates and assumptions concerning future revenues, future costs, future working capital, Weighted Average Cost of Capital ("WACC") and future inflation rates (Note 10).

##### (d) Defined benefits plan

The cost of the defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers a full yield curve which is determined by reference to market yields on high quality US Corporate bonds, which lies within the acceptable range of bond yields in the region. The mortality rate is based on publicly available mortality tables.

Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for UAE and Group strategy. Further details about these obligations are provided in Note 22.

##### (e) Impairment of trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables.

The loss allowance for trade receivables is based on assumptions about risk of default and expected loss rates. Management uses judgement in making these assumptions and selecting the inputs to the impairment calculation which are applied to the exposure at default to arrive at the expected credit losses at the reporting date. Management base their assumptions on the Group's historical data, existing market conditions as well as forward looking estimates. As at 31 December 2024, the allowance for impairment of trade receivables amounted to AED 59,018 thousand (31 December 2023: AED 37,395 thousand).

##### (f) Impairment on inventory obsolescence

Inventories are stated net of allowance for obsolescence. Management has considered the allowance required for inventory obsolescence based on the current economic environment, past obsolescence history. As at 31 December 2024, the impairment amounted to AED 1,235 thousand (31 December 2023: AED Nil).

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 4 Critical accounting judgments and key sources of estimation of uncertainty (continued)

#### 4.2 Estimates and assumptions (continued)

##### *(g) Impairment assessment of properties*

Properties (land and building) classified under property and equipment are assessed for impairment based on the assessment of cash flows on individual cash-generating units when there is an indication that those assets may have suffered an impairment loss. Cash flows are determined with reference to recent market conditions, prices existing at the end of the reporting period, contractual agreements, if any and estimations over the useful lives of the assets and discounted using a range of discounting rates that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable values are compared to the carrying amounts to assess any probable impairment. During the year, the Group carried out a review of recoverable amounts of its properties, determining the basis of their value in use by reference to the discounted cash flow method discount rate of 9.75%.

##### *(h) Business combinations*

Accounting for the acquisition of a business requires the allocation of the purchase price to various assets and liabilities of the acquired business. For most assets and liabilities, the purchase price allocation is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of assets acquired and liabilities assumed requires judgment by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates and useful lives of assets. The Group's management has used all available information to make these fair value determinations in the recent acquisitions of subsidiaries.



## Abu Dhabi National Hotels Company PJSC

### Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

#### 5 Property and equipment

	Land and buildings AED'000	Mechanical, electrical and plumbing AED'000	Furniture, fixtures and operating equipment AED'000	Motor vehicles AED'000	Construction in progress AED'000	Total AED'000
<b>Cost</b>						
At 1 January 2024	11,135,918	1,098,730	1,638,482	370,208	288,044	14,531,382
Acquired through business combination	-	68,966	32,200	880	2,088	104,134
Additions	6,742	4,125	9,760	36,288	57,654	114,569
Transfers	25,514	11,961	80,337	281	(118,093)	-
Disposals	(7,423)	(2,494)	(1,917)	(29,777)	(13,190)	(54,801)
<b>At 31 December 2024</b>	<b>11,160,751</b>	<b>1,181,288</b>	<b>1,758,862</b>	<b>377,880</b>	<b>216,503</b>	<b>14,695,284</b>
<b>Accumulated depreciation and impairment</b>						
At 1 January 2024	2,191,865	788,505	1,359,335	200,960	37,450	4,578,115
Acquired through business combination	-	60,349	23,230	880	-	84,459
Charge for the year	101,308	27,006	77,397	58,077	-	263,788
Disposals	(593)	(2,456)	(779)	(24,236)	-	(28,064)
<b>At 31 December 2024</b>	<b>2,292,580</b>	<b>873,404</b>	<b>1,459,183</b>	<b>235,681</b>	<b>37,450</b>	<b>4,898,298</b>
<b>Net book value</b>						
<b>At 31 December 2024</b>	<b>8,868,171</b>	<b>307,884</b>	<b>299,679</b>	<b>142,199</b>	<b>179,053</b>	<b>9,796,986</b>

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 5 Property and equipment (continued)

	Land and buildings AED'000	Mechanical, electrical and plumbing AED'000	Furniture, fixtures and operating equipment AED'000	Motor vehicles AED'000	Construction in progress AED'000	Total AED'000
<b>Cost</b>						
At 1 January 2023	9,719,857	1,086,208	1,614,681	351,365	214,084	12,986,195
Additions	-	345	728	61,178	128,234	190,485
Revaluation surplus	1,397,334	-	-	-	-	1,397,334
Transfers	18,727	12,177	23,370	-	(54,274)	-
Disposals	-	-	(297)	(42,335)	-	(42,632)
<b>At 31 December 2023</b>	<b>11,135,918</b>	<b>1,098,730</b>	<b>1,638,482</b>	<b>370,208</b>	<b>288,044</b>	<b>14,531,382</b>
<b>Accumulated depreciation and impairment</b>						
At 1 January 2023	2,090,494	766,381	1,297,257	175,246	37,450	4,366,828
Charge for the year	101,371	22,124	62,288	63,441	-	249,224
Disposals	-	-	(210)	(37,727)	-	(37,937)
<b>At 31 December 2023</b>	<b>2,191,865</b>	<b>788,505</b>	<b>1,359,335</b>	<b>200,960</b>	<b>37,450</b>	<b>4,578,115</b>
<b>Net book value</b>						
<b>At 31 December 2023</b>	<b>8,944,053</b>	<b>310,225</b>	<b>279,147</b>	<b>169,248</b>	<b>250,594</b>	<b>9,953,267</b>

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 5 Property and equipment (continued)

The depreciation charge has been allocated in the consolidated statement of profit or loss as follows:

	2024 AED'000	2023 AED'000
Cost of sales	262,573	248,377
General and administrative expenses (Note 26)	1,215	847
	<u>263,788</u>	<u>249,224</u>

Included in land and buildings is land stated at revalued amount of AED 6.3 billion as at 31 December 2024 (2023: AED 6.3 billion). During the year ended 31 December 2023, the Group engaged an accredited independent valuer to determine the fair value of the land. The revaluation resulted in a gain in the value of land amounting to AED 1.397 billion (Note 20).

Fair value was determined by reference to market-based evidence. This means that valuations performed by the valuer were based on active market comparable prices, adjusted for any difference in the nature, location, or condition of the specific property.

In estimating the revalued amounts of the land, the highest and best use of the land have been considered. The inputs used in the valuation are not based on observable market data, and thus, the valuation techniques are considered to be Level 3 fair value measurement.

If land was measured using the cost model, the carrying amounts would be AED 710,059 thousand (2023: AED 710,059 thousand).

The management believe there are no significant differences in the fair value of the land as at 31 December 2024.

Construction in progress mainly represents capital expenditure on the additions and to hotel properties. During the year ended 31 December 2024, the Group transferred AED 118,093 thousand (2023: AED 54,274 thousand) from construction in progress to various property and equipment categories.

The Group undertakes an annual review to determine whether there is an indication that a property may be impaired. For properties with impairment indicators, the Group performs impairment assessments, which involves estimating the properties' recoverable amounts. The Group performed impairment assessments of its properties. The recoverable amounts of the buildings have been determined on the basis of their value in use by reference to the discounted cash flow method at the level of each cash generating unit using a discount rate of 9.75%. Based on management's assessment, no impairment has been determined during the year ended 31 December 2024.

Bank borrowings are secured through mortgage some properties with a value of AED 5 billion (2023: AED 5 billion) (Note 21).

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 6 Right-of-use assets

#### *Group as a lessee*

The Group has lease contracts for various items of land and buildings used in its operations. Lease terms range from 12 and 15 years, respectively.

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

	Land AED'000	Building AED'000	Total AED'000
At 1 January 2023	-	18,510	18,510
Depreciation	-	(13,736)	(13,736)
<b>At 31 December 2023</b>	-	4,774	4,774
Acquired through business combination, net	-	53,271	53,271
Addition	3,199	7,004	10,203
Depreciation	(200)	(34,161)	(34,361)
<b>At 31 December 2024</b>	2,999	30,888	33,887

The depreciation charge has been allocated in the consolidated statement of profit or loss as follows:

	2024 AED'000	2023 AED'000
Cost of sales	34,361	13,736

### 7 Investment in associates

	2024 AED'000	2023 AED'000
At 1 January	17,288	15,721
Investment in Prime Concept Café & Restaurants LLC	-	2,160
Share of profit	1,941	632
Dividend received	(1,053)	(1,225)
<b>At 31 December</b>	<b>18,176</b>	<b>17,288</b>

#### (a) *Overseas Tourist Investment Company Limited ("OTIC")*

The Group has a 38.46% interest in equity share capital of Overseas Tourist Investment Company Limited ("OTIC"), which is incorporated in Jersey, Channel Island and participates in tourist complexes and operates in Morocco. The Group's investment in this associate is accounted for using the equity method of accounting. OTIC is a private company and there is no quoted market price available for its shares. There are no contingent liabilities relating to the Group's interest in the associate. The Group's investment in the OITC as at 31 December 2024 amounted to AED 10,743 thousand (31 December 2023: AED 10,743 thousand).

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 7 Investment in associates (continued)

#### (b) Prime Concept Café & Restaurants LLC

During the year 2021, the Group acquired 35% stake in Prime Concept Café & Restaurant LLC (“Prime Concept”), a limited liability entity incorporated in Dubai. The entity commenced their operations in October 2019. On 1 May 2023, the Group acquired an additional 8% stake in Prime Concept. As a result, the Group’s percentage of equity shareholding in Prime Concept as at 31 December 2024 is 43% (31 December 2023: 43%). The Group’s investment in the Prime Concept Café & Restaurants LLC as at 31 December 2024 amounted to AED 7,433 thousand (31 December 2023: AED 6,545 thousand).

### 8 Investment in joint ventures

	2024 AED’000	2023 AED’000
Investment in ADN H Compass Middle East LLC (a)	42,704	210,041
Investment in High Spirits LLC (b)	135,740	149,882
Investment in M Five Cleaning Services LLC (c)	35,527	-
	<u>213,971</u>	<u>359,923</u>

#### (a) ADN H Compass – Middle East entities

The Group has a 50% equity interest with equal voting power in Compass Catering Services W.L.L. (“ADNH Compass – Qatar”) and 30% interest in Compass Arabia Ltd. (“ADNH Compass – KSA”), a joint arrangement with Compass Group International BV and another party. These entities provide catering, laundry, housekeeping and facility management services to third parties.

#### Derecognition of ADN H Catering – UAE entities as a joint venture

During the year ended 31 December 2024, the Group acquired control over ADN H Catering – UAE entities through acquisition of the remaining 49% shareholding in ADN H Catering- L.L.C - O.P.C, ADN H Catering L.L.C and ADN H Compass L.L.C. SP (ADNH Catering- UAE entities), making each of the three entities wholly owned subsidiaries of the Group. Accordingly, the carrying amount for ADN H Catering – UAE entities previously carried as a joint venture have been derecognised as part of the acquisition accounting under IFRS 3 Business Combinations (Note 32).

ADNH Compass – Qatar and ADN H Compass – KSA continued to be recognized as a joint venture, under the equity method of accounting as at 31 December 2024.

#### (b) High Spirits LLC

High Spirits LLC is a joint venture between the Group and Holiday Marine Services engaged in the trade of liquor and beverages. High Spirits LLC commenced business from 1 January 2021.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 8 Investment in joint ventures (continued)

#### (c) M Five Cleaning Investments LLC

During the year ended 31 December 2024, the Group has acquired a 50% equity interest with equal voting power in M Five Cleaning Services LLC, registered in the United Arab Emirates, which specialises in housekeeping and cleaning services. The Group recorded the 50% interest acquired in the business as an investment in joint venture at a value of AED 30,000 thousand.

#### (1) Investment in ADNHC Compass-Middle East entities (including UAE entities)

	2024 AED'000	2023 AED'000
At 1 January	210,041	216,810
Share of profit	35,723	118,438
Adjustment	-	(5,212)
Dividends during the year	(149,647)	(119,995)
Gain on previously held equity interest before reclassification to subsidiaries (Note 32)	916,409	-
Reclassified as subsidiaries	(969,822)	-
At 31 December	<u>42,704</u>	<u>210,041</u>

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint venture.

	2024 AED'000	2023 AED'000
Opening net assets	412,013	433,620
Profit for the year	71,447	236,876
Adjustment	-	(10,424)
Penalties assumed by Compass Group International B.V. (i)	-	(8,069)
Dividend during the year	(299,294)	(239,990)
Reclassified as a subsidiary	(106,826)	-
<b>Closing net assets</b>	<u>77,340</u>	<u>412,013</u>
Share of interest in joint venture at 50% (excluding penalties)	<u>42,704</u>	<u>210,041</u>
<b>Carrying value</b>	<u>42,704</u>	<u>210,041</u>

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 8 Investment in joint ventures (continued)

#### (1) Investment in ADNHC Compass-Middle East entities (continued)

(i) The financial statements of one of the entities owned by ADNHC Compass Middle East LLC (the “JV”) have been restated to correct a material prior period error related to obligations arising from legal, tax and other disputes in connection with the historical interpretation of the entity’s constitutional documents. Based on the Board of Director’s resolution approved by both the JV’s partners it has been agreed that the impact of the tax expense resulting from this adjustment will be shared equally, however the penalty relating to this will only be borne by the other JV partner (Compass Group International B.V.) and will not be passed to the Group. Accordingly, the Group has recorded an adjustment related to the net share for the Group in the consolidated financial statements.

ADNHC Compass Middle East LLC, joint venture’s summarised financial information is as follows:

	2024 AED’000	2023 AED’000
<b>Summarised statement of financial position</b>		
Non-current assets	31,469	134,765
Cash and cash equivalents	50,829	320,092
Other current assets (excluding cash)	206,191	810,798
Financial liabilities (excluding trade payables)	(22,802)	(379,593)
Other current liabilities (including trade payables)	(132,746)	(273,549)
Other non-current liabilities	(41,054)	(186,500)
Non-controlling interests	(14,547)	(14,000)
<b>Net assets</b>	<u>77,340</u>	<u>412,013</u>
<b>Summarised statement of profit or loss</b>		
Revenue	879,283	2,133,088
Expenses	(736,501)	(1,761,209)
Depreciation	(25,143)	(62,145)
Other expenses	(39,584)	(63,794)
Finance income, net	2,227	30
Income tax expense	(8,835)	(9,094)
<b>Profit for the year</b>	<u>71,447</u>	<u>236,876</u>
<b>(2) Investment in High Spirits LLC</b>		
At 1 January	149,882	148,522
Share of profit for the year	2,358	16,860
Dividend during the year	(16,500)	(15,500)
<b>At 31 December</b>	<u>135,740</u>	<u>149,882</u>

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 8 Investment in joint ventures (continued)

#### (2) Investment in High Spirits LLC (continued)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint venture.

	2024 AED'000	2023 AED'000
At 1 January	299,764	297,044
Profit for the year	4,716	33,720
Dividend during the year	(33,000)	(31,000)
<b>Closing net assets</b>	<u>271,480</u>	<u>299,764</u>
Share of interest in joint venture at 50%	<u>135,740</u>	<u>149,882</u>
<b>At 31 December</b>	<u>135,740</u>	<u>149,882</u>

The joint venture's summarised financial position is as follows:

	2024 AED'000	2023 AED'000
<b>Summarised statement of financial position</b>		
Non-current assets	268,874	264,725
Cash and bank balances	36,265	48,303
Other current assets (excluding cash)	29,101	30,932
Financial liabilities (excluding trade payables)	(18,745)	(18,706)
Other current liabilities (including trade payables)	(21,929)	(25,490)
<b>Net assets</b>	<u>293,566</u>	<u>299,764</u>

The joint venture's summarised financial performance is as follows:

	2024 AED'000	2023 AED'000
<b>Summarised statement of profit or loss</b>		
Revenue	136,307	133,430
Expenses	(105,623)	(98,729)
Depreciation	(1,267)	(981)
Income tax expense	(2,614)	-
<b>Profit for the period</b>	<u>26,803</u>	<u>33,720</u>
Share of interest in joint venture at 50%	<u>13,401</u>	<u>-</u>
<b>Deferred tax charge</b>	<u>(11,043)</u>	<u>-</u>
<b>Share of profit in joint venture after deferred tax charge</b>	<u>2,358</u>	<u>33,720</u>

#### (3) Investment in M Five Cleaning Services LLC

At 1 January	-	-
Acquired during the year	30,000	-
Share of profit	<u>5,526</u>	<u>-</u>
	<u>35,526</u>	<u>-</u>



# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 8 Investment in joint ventures (continued)

#### (3) Investment in M Five Cleaning Services LLC (continued)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint venture.

	2024 AED'000	2023 AED'000
At 1 January	-	-
Net assets at acquisition date	60,000	-
Profit for the year	11,053	-
<b>Closing net assets</b>	<b>71,053</b>	<b>-</b>
Share of interest in joint venture at 50%	35,526	-
<b>At 31 December</b>	<b>35,526</b>	<b>-</b>

The joint venture's summarised financial position is as follows:

	2024 AED'000	2023 AED'000
<b>Summarised statement of profit or loss</b>		
Non-current assets	59,166	-
Cash and cash equivalents	12,363	-
Other current assets (excluding cash)	18,049	-
Financial liabilities (excluding trade payables)	(13,206)	-
Other current liabilities (including trade payables)	(5,319)	-
Net assets	<b>71,053</b>	<b>-</b>

The joint venture's summarised financial performance is as follows:

	2024 AED'000	2023 AED'000
<b>Summarised statement of profit or loss</b>		
Revenue	88,579	-
Expenses	(76,170)	-
Depreciation	(300)	-
Income tax expense	(1,056)	-
Profit for the year	<b>11,053</b>	<b>-</b>

The Group received cash dividends from its joint venture amounting to AED 154.6 thousand during the year ended 31 December 2024 (2023: AED 135.49 thousand).

At 31 December 2024, the joint venture had bank guarantees, mostly performance bonds, amounting to AED 87 million (2023: AED 160 million).

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 9 Financial asset at fair value through other comprehensive income

Financial asset at fair value through other comprehensive income was classified in accordance with IFRS 9 as follows:

	2024 AED'000	2023 AED'000
Unquoted equity investment	21,179	21,179

The unquoted equity investment represents the Group's equity interest of 10.224% (31 December 2023: 10.224%) in Abu Dhabi Tourism Investment Company ("ADTIC").

ADTIC is registered in Egypt as a private joint stock company. Its objectives are mainly to invest in tourist projects in Egypt. ADTIC owns three hotels in operation under a management agreement with an international hotel operator and holds an equity share in a private shareholding company in Egypt which is engaged in the construction of a tourist resort in Egypt. Investment securities are denominated in UAE Dirhams.

### 10 Intangible assets

	Customer relationships AED'000	Goodwill AED'000	Total AED'000
<b>Cost</b>			
At 1 January 2023	-	-	-
Additions	-	-	-
<b>At 31 December 2023</b>	-	-	-
Acquisition through business combination (Note 32)	817,800	347,356	1,165,156
<b>At 31 December 2024</b>	817,800	347,356	1,165,156
<b>Accumulated amortisation</b>			
At 1 January 2023	-	-	-
Charge for the year	-	-	-
<b>At 31 December 2023</b>	-	-	-
Charge for the year	30,667	-	30,667
<b>At 31 December 2024</b>	30,667	-	30,667
<b>Net carrying amount</b>			
<b>At 31 December 2023</b>	-	-	-
<b>At 31 December 2024</b>	787,133	347,356	1,134,489

Management tests for impairment on an annual basis for the intangible assets that have indefinite life and goodwill. No impairment indicators were identified for "customer relation" in intangible assets as at 31 December 2024. Goodwill has been tested for impairment and details are provided below.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 10 Intangible assets (continued)

The amortization charge has been allocated in the consolidated statement of profit or loss as follows:

	2024 AED'000	2023 AED'000
General and administrative expenses (Note 26)	30,667	-
	<u>30,667</u>	<u>-</u>

The determination of the recoverable amount for the cash generating unit requires significant judgments and estimates, including projections of future cash flows from the businesses. The recoverable amounts have been estimated based on value in use.

The tests for assessing the impairment of goodwill were carried out by discounting future cash flows to be generated from the continuing use of the cash-generating units to which the goodwill applies and on the assumption of an indefinite life. Key assumptions used in the calculation of recoverable amounts are the discount rate, the terminal value growth rate and revenue from major contracts. The discount rate is a post-tax measure estimated based on the capital asset pricing model. The other assumptions used are based on past experience and external sources, but that are unpredictable and inherently uncertain.

During the year ended 31 December 2024, management performed its annual impairment review of goodwill, using the discounted cashflow model and trading multiples of comparable companies' approach. No impairment charge was identified.

### 11 Inventories

	2024 AED'000	2023 AED'000
Finished goods	11,578	10,445
Food supplies	10,465	-
Operating supplies	5,344	-
	<u>27,387</u>	<u>10,445</u>
Less: provision for impairment of slow moving inventories	(1,235)	-
At 31 December	<u>26,152</u>	<u>10,445</u>

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 12 Trade and other receivables

	2024 AED'000	2023 AED'000
Trade receivables	711,962	130,829
Less: allowance for expected credit losses	(59,018)	(37,395)
	<u>652,944</u>	<u>93,434</u>
Contract assets	35,872	-
Due from related parties (Note 30)	8,304	25,409
Prepayments	51,545	55,858
Other receivables	109,188	47,685
	<u>857,853</u>	<u>222,386</u>

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities. Trade receivables include certain balances with related parties.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above

At 31 December 2024, trade receivables of AED 59 million (2023: AED 37.4 million) were impaired. Movements in the allowance for expected credit losses were as follows:

	2024 AED'000	2023 AED'000
At 1 January	37,395	35,746
Provision for the year	23,248	2,173
Reversal during the year	(1,625)	(524)
At 31 December	<u>59,018</u>	<u>37,395</u>

Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash. The other classes within trade and other receivables do not contain impaired assets.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 12 Trade and other receivables (continued)

As of 31 December 2024, the analysis of trade receivables including those that were past due and not impaired is as follows:

	<b>Total</b>	<b>Current</b>	<b>30-60</b>	<b>61-90</b>	<b>91-120</b>	<b>More</b>
	<b>AED'000</b>	<b>AED'000</b>	<b>days</b>	<b>days</b>	<b>days</b>	<b>than 120</b>
			<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
<b>At 31 December 2024</b>						
Expected credit loss rate		0%	1%	1%	2%	43%
Estimated total gross carrying amount at default	711,962	445,741	63,821	39,778	31,585	131,037
Expected credit loss	59,018	1,653	478	431	554	55,902
<b>At 31 December 2023</b>						
Expected credit loss rate		0%	2%	4%	19%	95%
Estimated total gross carrying amount at default	130,829	70,466	10,449	7,084	4,197	38,633
Expected credit loss	37,395	143	182	306	802	35,962

The carrying amounts of the Group's trade receivables are denominated in the UAE Dirham and approximate their fair value as at 31 December 2024 and 2023.

At 31 December 2024, the Group had significant concentration of credit risk with five customers accounting to AED 286.6 million representing 40% of total trade receivables at that date (2023: no significant concentration risk).

Management is confident that this concentration of credit risk will not result in any loss to the Group considering the credit history of these customers.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of the receivables mentioned above (Note 3). The Group does not hold any collateral as security.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 13 Financial assets at FVTPL

	2024 AED'000	2023 AED'000
At 1 January	-	24,801
Additions	400,000	-
Disposals	-	(24,801)
Fair value gain	1,788	-
At 31 December	<u>401,788</u>	<u>-</u>

During the year, the Group invested in listed debt instruments. The instruments purchased had a fair value of AED 401.79 million (2023: Nil) at the reporting date.

### 14 Term deposits

	2024 AED'000	2023 AED'000
Term deposits held with local banks	<u>403,307</u>	<u>-</u>

During the year, the Group, through its brokers, invested in term deposits with local banks amounting to AED 400,000 thousand (2023: Nil). These deposits have a maturity date more than three months and less than one year and carry an average interest rate of 4.65% per annum.

### 15 Cash and cash equivalents

	2024 AED'000	2023 AED'000
Cash at bank	570,240	376,830
Cash on hand	<u>832</u>	<u>338</u>
	<u>571,072</u>	<u>377,168</u>

Cash at bank includes term deposits of AED 40 million with original maturities of less than 3 months with local banks. The term deposits carry average interest rates of 5% per annum.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 16 Share capital

	2024 AED'000	2023 AED'000
<i>Authorised, issued, and fully paid</i>		
12,600,000,000 ordinary shares of AED 0.1 each* (31 December 2023: 12,000,000,000 ordinary shares of AED 0.1 each)	1,260,000	1,200,000
<i>Issued, subscribed and paid-up capital</i>		
Opening balance	1,200,000	1,000,000
Bonus shares issued in 2024: 600,000,000 shares of AED 0.1 each (Bonus shares issued in 2023 (prior to share split**): 200,000,000 shares of AED 1 each)	60,000	200,000
Closing balance	1,260,000	1,200,000

\* During the year ended 31 December 2024, the Group issued 600 million bonus shares of AED 0.1 each (31 December 2023: 200 million shares of AED 1 each\*\*) to its existing shareholders on the basis of 5% of the ordinary shares held as of 31 December 2023. The bonus shares are ordinary shares and carry the same rights as other ordinary shares. The legal formalities of the issuance of the share capital were completed on 11 March 2024.

\*\*At the General Assembly Meeting held on 17 October 2023, the Shareholders of the Company approved a special resolution approving the split of the Group's shares according to a split ratio of one to ten, such that the nominal value of the share becomes AED 0.10 per share instead of AED 1 per share. Accordingly, the Group's issued share capital became AED 1.2 billion divided into 12 billion shares of a nominal value of AED 0.10 each, fully paid. All shares are cash shares of the same class and equal in respect of rights and obligations.

At the Annual General Meeting held on 28 February 2024, the Shareholders approved a cash dividend of AED 0.02 per share for each of the 12 billion shares as at that date totaling to AED 240 million. The cash dividend was paid to the Shareholders on 28 March 2024. At the Annual General Meeting held on 15 March 2023, the Shareholders approved a cash dividend of AED 0.2 for each of the 1 billion shares as at that date totaling to AED 200 million.

On 14 February 2025, the Board of Directors proposed a cash dividend of AED 0.045 per share amounting to AED 567 million.

### 17 Statutory and optional reserves

#### (a) Statutory reserve

In accordance with the UAE Federal Decree Law No. 32 of 2021, and Article 60 of the Company's Articles of Association, 10% of the profit for the year is to be transferred to a statutory reserve until such reserve reaches 50% of the Company's issued and fully paid-up capital. A transfers of AED 130 million has been made in the current year to the statutory reserve (2023: Nil) to make the statutory reserve reach 50% of the Company's issued and fully paid-up capital. This reserve of AED 630 million is not available for distribution.

# **Abu Dhabi National Hotels Company PJSC**

## **Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)**

### **17 Statutory and optional reserves (continued)**

#### *(b) Optional reserve*

A transfers of AED 130 million has been made in the current year to the statutory reserve (2023: Nil). This reserve of AED 370 million is not available for distrubution.

### **18 Own shares**

During the year 2023, the Group engaged a third-party licensed Market Maker on the Abu Dhabi Securities Exchange that offers liquidity provision services, to place buy and sell orders of the Company's shares with the objective of reducing bid/ask spreads as well as reducing price and volume volatility. The shares are purchased for the Company's account by the Market Maker.

The Market Maker trades and operates within the predetermined parameters approved by the Group. The Group monitors the transactions undertaken by the Market Maker on a daily basis. The Group has provided the majority of funding to the Market Maker to trade the Company's shares and it carries all risks and rewards associated with the arrangement. Given the nature and substance of the arrangement, the shares have been classified as "Own Shares" in Equity.

As at 31 December 2024, the Group carried AED 114 million (31 December 2023: AED 83.57 million) of own shares under an arrangement with a third party licensed Market Maker on the Abu Dhabi Securities Change. Of this balance AED 36.67 million (31 December 2023: AED 3.60 million) is funded by the Market Maker.

### **19 Asset revaluation reserve**

The asset revaluation reserve is used to record increases in the fair value of land and decreases to the extent that such decreases relate to increases on the same asset previously recognised in equity. During the year ended 31 December 2023, the Group engaged an accredited independent valuer to determine the fair value of the land (Note 5).

During the year ended 31 December 2024, the Group sold a penthouse resulting in a disposal in the asset revaluation reserve of AED 2.9 million which was recycled in the retained earnings during the year.



# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 20 Non-controlling interests

	2024 AED'000	2023 AED'000
At 1 January	2,262	2,163
Increase in non-controlling interest	453,990	-
Share of total comprehensive income for the year	10,316	99
Transaction with parent company	(601)	-
Other movement	(13,353)	-
At 31 December	<u>452,614</u>	<u>2,262</u>

Following the reorganization of catering entities, the Group raised AED 864 million through an Initial Public Offering (IPO) and sold 40% shares in A D N H Catering plc. Further, as part of the IPO process the Group purchased 4% of A D N H Catering plc under price stabilization agreement. Subsequently, under an investment agreement the Group purchased another 2% shares of A D N H Catering plc, thus holding 66% shares at the reporting date. A D N H Catering plc proposed dividends of AED 60 million for its shareholders.

The transaction resulted in a gain of AED 223 million, which was recorded directly in the owner's equity.

	2024 AED'000	2023 AED'000
At 1 January	-	-
Proceeds from IPO, net of expenses	677,464	-
Carrying amount of the shares sold	(453,990)	-
At 31 December	<u>223,474</u>	<u>-</u>

Summarised financial information in respect of Group's subsidiaries that has major non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

<i>A D N H Catering plc:</i>	2024 AED'000	2023 AED'000
Current assets	875,896	-
Current liabilities	<u>559,415</u>	<u>-</u>
Current net assets	<u>316,481</u>	<u>-</u>
Non-current assets	1,228,674	-
Non-current liabilities	<u>181,881</u>	<u>-</u>
Non-current net assets	<u>1,046,793</u>	<u>-</u>
Net assets	<u>1,363,274</u>	<u>-</u>
Accumulated NCI	463,513	-
Other movement	(13,353)	-
	<u>450,160</u>	<u>-</u>

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

NCI share of total comprehensive income from A D N H Catering plc is AED 9,984 thousand.

### 20 Non-controlling interests (continued)

*Em Sherif Café West Bay LLC:*

	2024 AED'000	2023 AED'000
Current assets	5,855	4,413
Current liabilities	1,356	1,439
Current net assets	4,499	2,974
Non-current assets	17,022	8,566
Non-current liabilities	9,254	230
Non-current net assets	7,768	8,336
Net assets	12,267	11,310
Accumulated NCI	2,454	2,262

NCI share of total comprehensive income from Em Sherif Café West Bay LLC is AED 332 thousand (2023: AED 99 thousand).

### 21 Bank borrowings

	2024 AED'000	2023 AED'000
<i>Borrowings with commercial banks:</i>		
Due in less than one year – current liabilities	697,967	470,102
Due in more than one year – non-current liabilities	998,451	1,156,185
	1,696,418	1,626,287

The term loans comprise the following:

#### Term loan 1

On 3 January 2019, the Group obtained a term loan from a local bank of AED 1,600 million to finance its acquisition of Dome Hotels LLC. The facility carries a variable interest rate plus a spread. The loan is repayable in 20 semi-annual instalments commencing after three months from the date of the withdrawal. The collateral constitutes a mortgage of the assets purchased from the loan proceeds. The carrying amount of this term loan as at 31 December 2024 was AED 1,088 million (31 December 2023: AED 1,216 million).

The Group paid AED 12 million as processing fees for the loan and as at 31 December 2024 the Group has an unamortised prepaid loan arrangement fee of AED 7.8 million (31 December 2023: AED 9 million) that is netted off from the loan balance.

# **Abu Dhabi National Hotels Company PJSC**

## **Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)**

### **21 Bank borrowings (continued)**

#### **Term loan 2**

On 12 March 2020, a subsidiary of the Group, Al Ghazal Transport, obtained a term loan facility from a local bank of AED 80 million loan to finance the purchase of vehicles. This term loan facility was subsequently renewed to AED 105 million. The loan is repayable in 48 equal monthly instalments. Al Ghazal did not draw down the entire facility as at 30 December 2024. The facility carries a variable annual interest rate plus a spread. The carrying amount of this loan as at 31 December 2024 was AED 36 million (31 December 2023: AED 64 million).

#### **Term loan 3**

On 11 November 2022, a subsidiary of the Group, Al Ghazal Transport obtained a term loan facility from a local bank of AED 100 million to finance up to 90% of the purchase value of new vehicles for its operations in the UAE. The loan is repayable in 46 equal monthly instalments. Al Ghazal Transport did not draw down the entire facility as at 31 December 2024. The facility carries a variable annual interest rate plus a spread. The carrying amount of this loan as at 31 December 2024 was AED 56 million (31 December 2023: AED 57 million).

#### **Term loan 4**

On 1 November 2024, a subsidiary of the Group, utilized the revolving credit facility of AED 250 million and withdrawn and amount of AED 50 million. The loan is repayable after 12 months by 1 November 2025. The carrying amount of the loan as at 31 December 2024 was AED 50 million. The bank borrowing carries a variable annual interest rate plus a spread.

In addition, as at 31 December 2024, the Group carries short term loans from two local banks. The carrying amount of these short-term loans as at that date was AED 458 million (31 December 2023: AED 298 million).

The carrying amounts of the Group's borrowings are denominated in UAE Dirhams.

#### *Debt covenants*

As at 31 December 2024, there is no non-compliance of financial covenants.

### **22 Provision for employees' end of service benefits**

The Group provides end of service benefits (defined benefit obligations) to its eligible employees. The actuarial valuation of the present value of the defined benefit obligations was carried out by a registered actuary in the UAE. The Group provides end of service benefits (defined benefit obligations) to its eligible employees.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 22 Provision for employees' end of service benefits (continued)

	2024 AED'000	2023 AED'000
At 1 January	42,443	39,667
Acquired through business combination (Note 32)	112,472	-
Service costs for the year	25,003	11,238
Interest expense for the year	8,936	-
Paid during the year	(25,570)	(8,462)
Loss due to changes in demographic assumptions	710	-
Loss due to changes in financial assumptions	7,240	-
Experience gain	(17,729)	-
At 31 December	153,505	42,443

The provision is recognised based on the following significant assumptions:

	2024
Average annual rate of salary increases	4.25%
Discount rate	5.1%

Demographic assumptions for mortality, withdrawal and retirement were used in valuing the liabilities and benefits under the plan.

The demographic assumptions used in estimating the liability include mortality rates based on the IALM2012-14 table. The withdrawal rate is age-based, ranging from 43% per annum at age 20 to 1.5% per annum for ages 53 and above. Additionally, the retirement age for employees in UAE is assumed to be 60 years.

The average duration of the liability is estimated to be between 4 to 9 years.

The calculation of end of service benefits is performed in accordance with the provisions of the UAE Labour Law, ensuring compliance with the regulatory requirements governing employee benefits.

#### Sensitivity analysis

The liability would be higher by AED 11,772 thousand had the discount rate used in the assumption been lower by 1% and the liability would be lower by AED 12,629 thousand had the discount rate used in the assumption been higher by 1%. The liability would be higher by AED 11,755 thousand had the salary rate used in the assumption been higher by 1% and the liability would be lower by AED 11,375 thousand had the salary increase rate used in the assumption been lower by 1%. The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant.

For mortality rates, a 1% increase would result in a decrease in liability of AED 2,553, while a 1% decrease would result in an increase in liability of AED 431. Regarding withdrawal rates, a 10% increase would lead to a decrease in liability of AED 1,626, whereas a 10% decrease would result in a decrease in liability of AED 383.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 22 Provision for employees' end of service benefits (continued)

#### Risks and uncertainties

##### a) Volatility, cashflow and economic risks

The volatility and cash-flow risks arise if the Group are not able to generate sufficient operational cash surplus to fund employee benefit liabilities when they fall due.

##### b) Regulatory risk

The risk arises if the regulator issues guidance on the assumptions to be used in actuarial calculation, which might significantly change the percentage used as assumptions such as the discount rate or the future salary growth. The risk is compounded if the Group have no scope to manage this differential between salary escalation and discount rate.

There are further risks that regulators may impose other unexpected requirements, such as valuation of accrued annual leave, or other employee benefits, not currently foreseen.

##### c) Liquidity and balance sheet risk

Regulators may discuss the moving of liabilities off-balance sheet, and/or to require some form of asset funding and matching of the liabilities. Regulators may do this to create their own bond markets and also to increase their local stock market liquidity and stability, thereby injecting stimulus into local money markets which may require the Group to set up such schemes exactly when tighter economic circumstances prevail, which means that Group will have strained cash-flow at the very time when they need to both start funding such a scheme and meet existing operational cash-demands.

##### d) Increasing salary escalation

The Group need to consider the long-term outlook of their future salary escalation policy, as well as macroeconomic factors such as inflation to avoid reduction of profitability of the Group due to the increase in the defined benefit scheme cost.

##### e) Discount rate risk

The discount rate risk arises when the Schemes' return on assets is lower than the assumed discount rate, if any. Any shortfall in the attained investment return on the assets, if any, compared to the assumed discount rate would be recognised through other comprehensive income.

The Group do not have any scheme assets, at the end of each reporting period, the interest cost is accrued to the Group' profit & loss as a proportion of the schemes' liability.

#### Pension contribution

The pension charge for the year ended 31 December 2024 is AED 13,287 thousand (2023: AED 11,238 thousand). The pension contribution is towards the state pension fund therefore accounted for as a defined contribution.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 23 Lease liabilities

	2024 AED'000	2023 AED'000
At 1 January	7,176	22,104
Acquired through business combination, net	53,271	-
Additions	10,203	-
Accretion of interest	2,307	325
Payments	(32,485)	(15,253)
At 31 December	<u>40,472</u>	<u>7,176</u>

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

	2024 AED'000	2023 AED'000
Non-current	15,578	-
Current	<u>24,894</u>	<u>7,176</u>
	<u>40,472</u>	<u>7,176</u>

The consolidated statement of cash flows shows the following movement relating to leases:

	2024 AED'000	2023 AED'000
Finance cost paid on lease liabilities (Note 29)	<u>2,307</u>	<u>325</u>
Principal element of lease liabilities	<u>30,178</u>	<u>14,928</u>

### 24 Trade and other payables

	2024 AED'000	2023 AED'000
Trade payables	337,435	227,042
Due to related parties (Note 30)	2,804	4,059
Accrued liabilities	292,230	216,058
Directors' remuneration	16,500	14,000
Other payables	<u>266,556</u>	<u>-</u>
	<u>915,525</u>	<u>461,159</u>

Trade payables are non-interest bearing and are normally settled within 60 days of the invoice date. Other payables are non-interest bearing and have an average term of six months with the exception of retentions payable, if any.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 25 Revenue from contracts with customers

	2024 AED'000	2023 AED'000
Room revenue	866,685	853,576
Catering	734,687	-
Food and beverage	455,064	361,887
Manpower	331,630	-
Rental revenue	177,934	213,509
Transportation revenue	176,084	162,476
Fixed fee service	70,138	-
Recreational and wellness facilities	30,306	29,714
Other revenue	45,085	9,994
	<u>2,887,613</u>	<u>1,631,156</u>

#### Timing of revenue recognition

At a point in time	1,447,762	1,067,085
Over time	<u>1,439,851</u>	<u>564,071</u>
	<u>2,887,613</u>	<u>1,631,156</u>

#### *Geographical markets*

All revenues are generated from United Arab Emirates.

#### *Assets related to contracts with customers*

	2024 AED'000	2023 AED'000
Contract assets (Note 12)	<u>35,872</u>	<u>-</u>

#### *Unsatisfied contracts*

The aggregate amount of the transaction price allocated to the performance obligations of the Group that are fully or partially unsatisfied as at 31 December 2024 is AED 238,822 thousand (31 December 2023: Nil) The Group expects to recognise the unsatisfied performance obligations as revenue in the next 12 months reporting period of AED 206,496 thousand (31 December 2023: Nil).

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 26 General and administrative expenses

	2024 AED'000	2023 AED'000
Staff costs (Note 27)	62,727	35,023
Amortization of intangible assets (Note 10)	30,667	-
Directors' remuneration	16,500	14,500
Software maintenance and support	11,698	-
Depreciation of property and equipment	1,215	847
Reversal provision for contract termination fees	-	(40,000)
Other expenses	63,325	15,335
	<u>186,132</u>	<u>25,705</u>

The remuneration of the Board of Directors for the year ended 31 December 2024 was AED 16.5 million (2023: AED 14 million), which is subject to approval by the Shareholders at the forthcoming Annual General Assembly.

### 27 Staff costs

	2024 AED'000	2023 AED'000
Salaries and wages	766,503	281,350
Employees' end of service benefits	25,003	11,238
Other benefits	150,258	62,083
	<u>941,764</u>	<u>354,671</u>
Cost of sales	879,037	319,648
General and administrative expenses	62,727	35,023
	<u>941,764</u>	<u>354,671</u>

### 28 Other income

	2024 AED'000	2023 AED'000
Gain on sale of property and equipment	67,064	12,896
Others	6,737	39,543
	<u>73,801</u>	<u>52,439</u>

### 29 Finance costs

	2024 AED'000	2023 AED'000
Interest expense on bank loans	111,708	121,139
Interest expense on lease liabilities (Note 23)	2,307	325
	<u>114,015</u>	<u>121,464</u>



# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 30 Related party transaction and balances

Related parties represent the Joint Ventures, the Associates, managed hotels, 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.

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

The sales to and services from related parties are made at normal market prices. Outstanding balances at the year-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 year ended 31 December 2024, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Balances with related parties reflected in the consolidated statement of financial position are as follows:

	2024 AED'000	2023 AED'000
<b>Due from related parties (Note 12)</b>		
ADNH Compass-Middle East entities	5,986	21,300
High Spirits LLC	1,082	2,740
Overseas Tourist Investment Company Limited	718	498
Others	518	871
	<u>8,304</u>	<u>25,409</u>
<b>Due to related parties (Note 24)</b>		
High Spirits LLC	2,804	2,949
ADNH Compass-Middle East entities	-	1,109
Prime Concept Café & Restaurants LLC	-	1
	<u>2,804</u>	<u>4,059</u>

Significant transactions with related parties included in the consolidated statement of profit or loss are as follows:

	2024 AED'000	2023 AED'000
Management fees received	<u>4,059</u>	<u>2,996</u>
Sales of goods and services to joint ventures	<u>1,991</u>	<u>44,444</u>
Purchase of goods and services from joint ventures	<u>11,745</u>	<u>21,673</u>
Sales of goods and other services to other related parties	<u>7,039</u>	<u>440</u>
<b>Key management compensation</b>		
Short term benefits	18,754	24,343
Employees' end of service benefits	2,933	3,216
	<u>21,687</u>	<u>27,559</u>
Board remuneration (Note 26)	<u>14,800</u>	<u>14,000</u>

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 30 Related party transaction and balances (continued)

As of 31 December 2024, there were no loans extended to the Directors of the Company (2023: Nil).

### 31 Basic and diluted earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of dilutive instruments.

The following reflects the profit and share data used in the earnings per share computations:

	2024 AED'000	2023 AED'000
Profit attributable to owners of the Company	1,326,634	422,420
Weighted average number of shares in issue ('000)	12,600,000	12,600,000
Basic and diluted earnings per share	0.11	0.034

The calculation of basic and diluted earnings per share held for previous period has been adjusted retrospectively to reflect the impact of the bonus shares issued and the share split approved during the year (Note 16).

### 32 Acquisition of ADN H Catering – UAE entities

As at 31 March 2024, the Group acquired control over ADN H Catering- L.L.C - O.P.C, ADN H Catering L.L.C and ADN H Compass L.L.C. SP (ADN H Catering – UAE entities) through acquisition of the remaining 49% shareholding in the ADN H Catering – UAE entities, making each of the three entities wholly owned subsidiaries of the Group. The date of acquisition of control over ADN H Catering – UAE entities is 31 March 2024.

The reason for the business combination is due to the fact that the acquired businesses were within the same industry of ADN H and therefore, ADN H has acquired the remaining shares of the business to have full control over its hospitality business.

The Company has applied the principles of IFRS 3 Business Combinations and has accounted for the effect of the acquisition under the acquisition method from 31 March 2024 when control was acquired by the Group.

The fair value of the pre-existing interest in ADN H Catering – UAE entities on the date of acquisition of control is AED 969,822 thousand.

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 32 Acquisition of ADNHC Catering – UAE entities (continued)

At the acquisition date, the identifiable assets (including newly identified customer relationships intangible assets) acquired and the liabilities assumed are recognised at their fair value. The fair value of the existing assets and liabilities approximated their carrying values. The excess of the fair value of the retained interest over the net asset value as been recorded as “goodwill” in the consolidated statement of financial position.

Management has not performed any detailed impairment assessment over the intangible assets (other than the goodwill) at the reporting date as the performance of the entities is inline with the expectation at acquisition date.

The following table summarises the recognised amount of assets and liabilities acquired at the acquisition date:

	31 March 2024 AED’000 (Unaudited)
<b>Assets</b>	
Property and equipment (Note 5)	19,675
Right-of-use assets (Note 6)	78,040
Intangible assets (Note 10)	817,800
Inventories (Note 11)	10,860
Trade and other receivables (Note 12)	667,972
Cash and bank balances (Note 15)	190,606
	<u>1,784,953</u>
<b>Liabilities</b>	
Provision for employees’ end of service benefits (Note 21)	112,472
Current tax liabilities (Note 33)	7,447
Lease liabilities (Note 22)	78,603
Trade and other payables (Note 23)	669,653
Deferred tax liability (Note 33)	72,896
	<u>941,071</u>
Fair value of purchase consideration	
- Initial consideration paid in cash	113,953
- Present value of deferred consideration to be paid in cash	107,463
	<u>221,416</u>
Fair value of previously held equity interest (Note 8)	969,822
Less: fair value of net identifiable assets acquired	(843,882)
<b>Goodwill recognized</b>	<u><b>347,356</b></u>
Fair value of the previously held equity interest (Note 8)	969,822
Less: carrying value of the previously held equity interest	(53,413)
<b>Gain on previously held equity interest in joint venture recognised in the consolidated statement of profit or loss (Note 8)</b>	<u><b>916,409</b></u>

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 32 Acquisition of ADNHI Catering – UAE entities (continued)

The intangible assets acquired as part of the business combination are detailed below:

	31 March 2024 AED'000 (Unaudited)
Customer relationships	817,800
Goodwill	347,356
	<u>1,165,156</u>

The goodwill is significantly attributable to the assembled workforce of the acquired business. It will not be deductible for tax purposes. Besides, cash and bank balances of AED 190,606 thousands, all other line items of assets and liabilities are non-cash transactions for the purpose of consolidated statement of cash flow.

#### a) Acquired receivables

The fair value of acquired trade receivables is AED 628,344 thousand. The gross contractual amount for trade receivables due is AED 659,962 thousand with a loss allowance of AED 31,618 thousand recognised on acquisition.

#### b) Revenue and profit contribution

If the acquisition had occurred on 1 January 2024, consolidated pro-forma revenue and profit for the year ended 31 December 2024 would have been AED 3,290,726 thousand and AED 1,373,755 thousand, respectively. These amounts have been calculated using the ADNHI Catering – UAE entities results and adjusting them for differences in the accounting policies between the Group and the entities (if any).

### 33 Income taxes

Income tax expense recorded in the consolidated statement of profit or loss comprises the following:

	2024 AED'000	2023 AED'000
Current tax	<u>35,236</u>	<u>-</u>
Deferred tax		
Increase in deferred tax assets	-	-
Decrease in deferred tax liabilities	<u>(2,733)</u>	<u>-</u>
	<u>32,503</u>	<u>-</u>

# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 33 Income taxes (continued)

Reconciliation of tax expense and the accounting profit multiplied by the Group's domestic tax rate for 2024:

	2024 AED'000	2023 AED'000
Profit before income tax	1,367,790	422,519
Tax using the Group's tax rate of 9%	123,101	38,027
<i>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</i>		
Gain on previously held equity interest in joint venture	(82,477)	-
Gain on Sale of Immovable Property	(3,593)	-
'Donations, grants, gifts to non-Qualifying Public Benefit Entities disallowed	63	-
Miscellaneous	(4,591)	-
Income not taxable	-	(38,027)
	<u>32,503</u>	<u>-</u>

For determining the tax expense for the year, the accounting profit has been considered for tax purposes. The average effective tax rate is approximately 2.38%.

Deferred tax liabilities movement during the period:

	<b>Intangible assets</b> AED'000	<b>Right-of- use assets</b> AED'000	<b>Lease liabilities</b> AED'000	<b>Total</b> AED'000
At 1 January 2024	-	-	-	-
Acquired through business combination	73,602	(764)	57	72,895
(Charge)/credit during the year	<u>(2,760)</u>	<u>28</u>	<u>(2)</u>	<u>(2,734)</u>
At 31 December 2024	<u>70,842</u>	<u>(736)</u>	<u>55</u>	<u>70,161</u>

International Tax Reform - Pillar Two model rules The Organisation for Economic Co-operation and Development ("OECD") has published the Pillar Two Anti Global Base Erosion Rules ("GloBE Rules"), which includes a minimum 15% tax rate by jurisdiction ("Pillar Two"). Various countries have enacted or intend to enact tax legislation to comply with Pillar Two rules. Pillar Two Legislation has not been substantively enacted at the reporting date where the Parent company is incorporated, the UAE. The Group is in the process of conducting an assessment of an exposure to Pillar Two income tax.

# **Abu Dhabi National Hotels Company PJSC**

## **Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)**

### **34 Segment information**

The Group's operating segments are determined based on its internal reporting to the Chief Operating Decision Maker (the "CODM"). The CODM has been determined to be the Board Executive Committee ("BEC"), as all final decisions are made by the BEC in consultation with the executive committee and the function is primarily responsible for the allocation of resources to segments and assessment of performance of segments.

The primary segment reporting format is determined to be operating segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic operating unit that offers different products and serves different markets

#### **Operating segments**

For management purposes, the Group is currently organised into four major operating segments. These segments are the basis on which the Group reports its primary segmental information. These are:

- Hotels
- Transport services
- Catering services
- Holding - responsible for managing investments held by the Group, development of hotels and general coordination of Group activities

The segments' performance is measured based on profit or loss.

## Abu Dhabi National Hotels Company PJSC

### Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

#### 34 Segment information (continued)

	<b>Hotels</b> AED '000	<b>Catering services</b> AED '000	<b>Transport services</b> AED '000	<b>Holding company</b> AED '000	<b>Eliminated entries</b> AED '000	<b>Total</b> AED '000
<b>Year ended 31 December 2024</b>						
Revenue	1,402,669	1,259,407	304,093	-	(78,556)	2,887,613
Cost of sales	(988,748)	(1,070,901)	(263,775)	-	83,349	(2,240,075)
<b>Gross profit</b>	<b>413,921</b>	<b>188,506</b>	<b>40,318</b>	<b>-</b>	<b>4,793</b>	<b>647,538</b>
General and administrative expenses	-	(52,374)	(8,820)	(124,938)	-	(186,132)
Net impairment loss of financial assets	1,625	(9,228)	(2,177)	(11,843)	-	(21,623)
Share of profit from associates	-	1,193	-	42,414	-	43,607
Share of profit from joint ventures	-	-	-	1,941	-	1,941
Gain on previously held equity interest in joint venture	-	-	-	916,409	-	916,409
Fair value gain on financial assets at FVTPL	-	-	-	1,788	-	1,788
Other income	-	-	11,947	66,647	(4,793)	73,801
Finance income	(103,259)	(3,323)	(7,433)	-	-	(114,015)
Finance costs	-	-	-	4,476	-	4,476
<b>Profit before income tax</b>	<b>312,287</b>	<b>124,774</b>	<b>33,835</b>	<b>896,894</b>	<b>-</b>	<b>1,367,790</b>
<b>31 December 2024</b>						
<b>Total assets</b>	<b>9,557,531</b>	<b>1,201,922</b>	<b>248,156</b>	<b>2,472,248</b>	<b>(205)</b>	<b>13,479,652</b>
<b>Total liabilities</b>	<b>1,887,293</b>	<b>655,685</b>	<b>153,198</b>	<b>278,684</b>	<b>(56,453)</b>	<b>2,918,407</b>

## Abu Dhabi National Hotels Company PJSC

### Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

#### 34 Segment information (continued)

	<b>Hotels</b> AED'000	<b>Transport services</b> AED'000	<b>Holding company</b> AED'000	<b>Elimination entries</b> AED'000	<b>Total</b> AED'000
<b>Year ended 31 December 2023</b>					
Revenues	1,363,168	285,431	-	(17,443)	1,631,156
Cost of sales	(904,884)	(267,588)	-	21,189	(1,151,283)
<b>Gross profit</b>	<u>458,284</u>	<u>17,843</u>	<u>-</u>	<u>3,746</u>	<u>479,873</u>
General and administrative expenses	-	-	(25,705)	-	(25,705)
Share of profit from an associate	-	-	632	-	632
Share of profit from joint ventures	-	-	135,298	-	135,298
Net impairment loss of financial assets	(519)	(1,130)	-	-	(1,649)
Termination fees	-	-	(101,029)	-	(101,029)
Fair value gain on financial assets carried at fair value through profit or loss	-	-	1,728	-	1,728
Other income	-	13,590	42,595	(3,746)	52,439
Finance income	-	-	2,396	-	2,396
Finance costs	(114,902)	(6,562)	-	-	(121,464)
<b>Profit for the year</b>	<u>342,863</u>	<u>23,741</u>	<u>55,915</u>	<u>-</u>	<u>422,519</u>
<b>At 31 December 2023</b>					
Total assets	<u>10,086,242</u>	<u>280,163</u>	<u>601,097</u>	<u>-</u>	<u>10,967,502</u>
Total liabilities	<u>1,795,057</u>	<u>163,259</u>	<u>191,852</u>	<u>(13,103)</u>	<u>2,137,065</u>

The amounts provided by the management with respect to the total assets and liabilities are measured in a manner consistent with that of the consolidated financial statements. Segment assets are allocated based on operations of the segment.



# Abu Dhabi National Hotels Company PJSC

## Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

### 35 Contingencies and commitments

(a) *Bank guarantees:*

	2024 AED'000	2023 AED'000
Bank guarantees	334,973	32,168
Within one year	42,129	32,168
Between one and two years	34,461	-
Above two years	258,383	-
	<u>334,973</u>	<u>32,168</u>

(b) *Capital commitments:*

The estimated capital expenditure contracted for at 31 December 2024 amounts to AED 98.4 million (2023: AED 63.9 million).

### 36 Reconciliation of liabilities arising from financing activities

	2024 AED'000	2023 AED'000
Cash and bank balances	571,072	377,168
Borrowings – repayable within one year	(697,967)	(470,102)
Borrowings – repayable over one year	(998,451)	(1,156,185)
Lease liabilities – repayable within one year	(24,894)	(7,176)
Lease liabilities – repayable over one year	(15,578)	-
Net debt	<u>(1,165,818)</u>	<u>(1,256,295)</u>

## Abu Dhabi National Hotels Company PJSC

### Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

#### 36 Reconciliation of liabilities arising from financing activities (continued)

	Other assets	Liabilities from financing activities					
	Cash and cash equivalent AED'000	Borrowings – repayable within one year AED'000	Bank borrowing – repayable within one year AED'000	Lease liabilities – repayable within one year AED'000	Lease liabilities – repayable over one year AED'000	Total AED'000	
<b>Net debt</b>							
As at 1 January 2024	377,168	(470,102)	(1,156,185)	(7,176)	-	(1,256,295)	
Cash flows	193,904	(227,865)	157,734	(17,718)	(15,578)	90,477	
As at 31 December 2024	571,072	(697,967)	(998,451)	(24,894)	(15,578)	(1,165,818)	
As at 1 January 2023	837,091	(745,037)	(1,531,551)	(20,254)	(1,850)	(1,461,601)	
Cash flows	(459,923)	274,935	375,366	13,078	1,850	205,306	
As at 31 December 2023	377,168	(470,102)	(1,156,185)	(7,176)	-	(1,256,295)	

# **Abu Dhabi National Hotels Company PJSC**

## **Notes to the consolidated financial statements for the year ended 31 December 2024** (continued)

### **37 Events occurring after the reporting date**

#### **Acquisition of Compass Arabia Limited Company**

On 12 December 2024, the Group acquired an additional 20% of the issued shares in Compass Arabia Limited Company, a leading provider of catering services in Saudi Arabia. This acquisition increased the Group's total ownership in Compass Arabia to 50%. The total consideration for this transaction is AED 4,091 thousand (SAR 4,177 thousand).

The Share Purchase Agreement ("SPA") was signed prior to the reporting date and was subject to regulatory approvals and customary closing conditions. The acquisition is considered a subsequent event in accordance with IAS 10, as it was completed after the reporting period.

#### **Acquisition of Food Nation Catering Services LLC**

On 23 January 2025, the Group further expanded its operations by acquiring 100% of the issued shares in Food Nation Catering Services LLC, a company specialised in providing high-quality catering services, particularly within the education sector. The SPA for this acquisition was signed subsequent to the reporting date.