

ABU DHABI AVIATION PJSC

**Directors' report and consolidated financial statements
for the year ended 31 December 2025**

ABU DHABI AVIATION PJSC

Directors' report and consolidated financial statements for the year ended 31 December 2025

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Directors' report
For the year ended 31 December 2025

The directors present their report together with the consolidated financial statements of Abu Dhabi Aviation PJSC ("the Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2025.

Principal activities

The Group is engaged in the provision of maintenance, repair, and overhaul (MRO) services for fixed-wing, rotary-wing, and military aircraft. The Group also provides professional and technical support services, owns and operates helicopters and fixed-wing aircraft, undertakes charter and commercial air cargo operations, and trades in aircraft spare parts, and accessories, both within and outside the United Arab Emirates.


Review of business

During the year, the Group reported revenue of AED 7,818,731 thousand (2024: AED 7,115,675 thousand). Profit for the year was AED 1,066,433 thousand (2024: AED 1,291,955 thousand).

The appropriation of the results for the period is as below:

	AED'000
Retained earnings as at 1 January 2025	1,964,208
Profit for the year	1,066,433
Less: Profit for the year attributable to non-controlling interests	(205,059)
Less: Dividends paid to owners of the Company	(329,036)
Less: Remeasurement gain transferred to other reserves	(13,335)
Less: Transfer to statutory reserve	(70,561)
Retained earnings as at 31 December 2025	2,412,650

For the Board of Directors



Chairman

10 February 2026
Abu Dhabi, UAE



Independent auditor's report

To the Shareholders of Abu Dhabi Aviation 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 Aviation PJSC (the “Company”) and its subsidiaries (together the “Group”) as at 31 December 2025 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 2025;
- 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) and the applicable requirements of Abu Dhabi Accountability Authority (“ADAA”) Chairman’s Resolution No. (88) of 2021 Regarding Financial Statements Audit Standards for the Subject Entities. 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.

PricewaterhouseCoopers Limited Partnership-Abu Dhabi
Al Khatem Tower, Al Falah Str., 25 Floor, Abu Dhabi Global
Market, PO Box: 45263, Abu Dhabi-United Arab Emirates
T: +971 2 694 6800



Independent auditor's report (continued)

To the Shareholders of Abu Dhabi Aviation PJSC

Basis for opinion (continued)

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) as applicable to audits of financial statements of public interest entities together with applicable ethical and independence requirements of United Arab Emirates 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 Matter	Revenue recognition
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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.

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 judgement, 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.



Independent auditor's report (continued)

To the Shareholders of Abu Dhabi Aviation PJSC

Our audit approach (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition Included in the revenue reported for the year is AED 6.4 billion from services rendered to customers for maintenance, repair and overhaul services (MRO) and professional and technical assistance services. The revenue recognised for the aforementioned services involves certain complexities based on the nature of business. As a result, significant judgment and estimates are required in determining the appropriate measurement of revenue and its recognition and consequently we considered this to be a key audit matter. Refer to notes 3, 4 and 25 in the consolidated financial statements for the accounting policy and disclosures related to this matter.	<p>Our audit procedures performed in relation to revenue recognition included;</p> <ul style="list-style-type: none">▪ considering the consistency of the Group's revenue recognition policies;▪ assessing the compliance of such policies with the applicable IFRS Accounting Standards;▪ reviewing the control environment and on a sample basis, testing internal controls over revenue recognition;▪ obtaining a representative sample of transactions and testing their occurrence, accuracy and recognition;▪ obtaining supporting documentation, on a sample basis, for revenue recognised, including reviewing signed contracts where available, and assessing alternative supporting evidence for contracts still in the process of being finalised;▪ assessing the completeness and accuracy of disclosures within the consolidated financial statements in accordance with IFRS Accounting Standards.



Independent auditor's report (continued)

To the Shareholders of Abu Dhabi Aviation PJSC

Other information

The Directors are responsible for the other information. The other information comprises the Directors' 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 Integrated 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 Integrated report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors and those charged with governance for the consolidated financial statements

The Directors are 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, as amended, and for such internal control as the Directors determine 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, the Directors are 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 the Directors either intend to liquidate the Group or to cease operations, or have 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 (continued)

To the Shareholders of Abu Dhabi Aviation PJSC

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 and the applicable requirements of ADAA Chairman's Resolution No. (88) of 2021 Regarding Financial Statements Audit Standards for the Subject Entities 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 and the applicable requirements of ADAA Chairman's Resolution No. (88) of 2021 Regarding Financial Statements Audit Standards for the Subject Entities, we exercise professional judgement 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 the Directors.
- Conclude on the appropriateness of the Directors' 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.



Independent auditor's report (continued)

To the Shareholders of Abu Dhabi Aviation PJSC

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because 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, as amended, 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, as amended;
- iii) the Group has maintained proper books of account;
- iv) the financial information included in Directors' report is consistent with the books of account of the Group;
- v) as disclosed in note 8 to the consolidated financial statements the Group has purchased or invested in shares during the year ended 31 December 2025;
- vi) note 36 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and



Independent auditor's report (continued)

To the Shareholders of Abu Dhabi Aviation PJSC

Report on other legal and regulatory requirements (continued)

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 2025 any of the applicable provisions of the UAE Federal Decree-Law No. (32) of 2021, as amended, or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2025.

Further, as required by the ADAA Chairman's Resolution No. (88) of 2021 Regarding Financial Statements Audit Standards for the Subject Entities, we report, in connection with our audit of the consolidated financial statements for the year ended 31 December 2025, that nothing has come to our attention that causes us to believe that the Group has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the consolidated financial statements as at 31 December 2025:

- i) the Articles of Association which would materially affect its activities or its financial position as at 31 December 2025; and
- ii) applicable provisions of the relevant laws, resolutions and circulars that have an impact on the Subject Entity's consolidated financial statements.

PricewaterhouseCoopers Limited Partnership - Abu Dhabi
11 February 2026

Rami Sarhan
Registered Auditor Number 1152
Abu Dhabi, United Arab Emirates

ABU DHABI AVIATION PJSC

Consolidated statement of financial position

		<i>As at</i>	
		<i>31 December 2025</i>	<i>31 December 2024</i>
		<i>AED'000</i>	<i>AED'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Aircraft, property and equipment	5	2,013,178	1,735,422
Intangible assets	6	42,882	13,982
Investment properties	7	445,104	356,902
Financial assets at fair value through profit or loss	8	1,446,133	564,808
Right-of-use assets	9	740,005	730,495
Investment in a joint venture	10	137,404	109,222
Investment in an associate	10	842,539	762,934
Deferred tax assets	40	3,163	690
Other non-current assets		6,881	-
Total non-current assets		5,677,289	4,274,455
Current assets			
Inventories	11	1,220,168	1,095,273
Trade and other receivables	12	4,188,925	5,070,501
Advances, prepayments and other current assets	13	1,180,590	1,425,728
Other financial assets at amortised cost	14(b)	623,730	460,018
Cash and cash equivalents	14(a)	3,187,074	3,841,376
Total current assets		10,400,487	11,892,896
TOTAL ASSETS		16,077,776	16,167,351
EQUITY AND LIABILITIES			
Equity			
Share capital	15(a)	1,096,787	1,096,787
Share premium	16	3,489,349	3,489,349
Contributed capital		347,768	347,768
Reserves	17	471,433	396,590
Retained earnings		2,412,650	1,964,208
Equity attributable to owners of the Company		7,817,987	7,294,702
Non-controlling interests	15(b)	1,221,806	1,266,747
Total equity		9,039,793	8,561,449
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits	22	522,122	472,454
Borrowings	20	260,764	212,015
Lease liabilities	19	807,207	799,040
Deferred tax liabilities	40	8,765	3,490
Deferred government grants	23	36,540	42,162
Total non-current liabilities		1,635,398	1,529,161

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.


ABU DHABI AVIATION PJSC

Consolidated statement of financial position (continued)

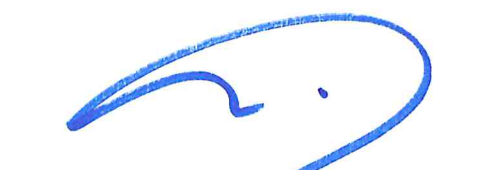
		<i>As at</i>	
		<i>31 December 2025</i>	<i>31 December 2024</i>
		<i>AED'000</i>	<i>AED'000</i>
	<i>Note</i>		
Current liabilities			
Trade and other payables	21	4,353,682	5,076,208
Provisions	24	24,968	80,130
Borrowings	20	862,072	808,070
Lease liabilities	19	62,261	39,364
Deferred government grants	23	5,622	5,622
Current tax liabilities	40	93,980	67,347
Total current liabilities		5,402,585	6,076,741
Total liabilities		7,037,983	7,605,902
TOTAL EQUITY AND LIABILITIES		16,077,776	16,167,351

To the best of our knowledge, and in accordance with the IFRS Accounting Standards, the consolidated financial statements present fairly in all material respects, the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group as of, and for the year ended 31 December 2025.

The consolidated financial statements were authorised and approved by the Board of Directors for issuance on 10 February 2026.



Nader Al Hammadi
Chairman



Mahmood Alhameli
Group Chief Executive Officer



Ashraf Fahmy
Group Chief Financial Officer

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

ABU DHABI AVIATION PJSC

Consolidated statement of profit or loss

		<i>For the year ended 31 December</i>	
		<i>2025</i>	<i>2024</i>
	<i>Note</i>	<i>AED '000</i>	<i>AED '000</i>
Revenue from contracts with customers	25	7,818,731	7,115,675
Direct operating costs	26	(6,406,973)	(6,197,029)
Gross profit		1,411,758	918,646
General and administrative expenses	27	(690,189)	(529,823)
Provision for impairment on trade and other receivables	12	(9,084)	101,245
Reversal of impairment/(impairment) of property plant and equipment	5	54,600	(3,720)
Gain on bargain purchase		-	596,841
Net change in the fair value of financial assets through profit or loss	8	36,192	43,492
Other income	28	160,610	115,880
Amortisation of deferred income	23	5,622	3,748
Share of net profit of a joint venture	10	28,182	15,383
Share of net profit of an associate	10	79,605	53,516
Finance income	29	154,751	93,315
Finance costs	30	(67,798)	(55,109)
Profit before income tax		1,164,249	1,353,414
Income tax expense	40	(97,816)	(61,459)
Profit for the year		1,066,433	1,291,955
Profit for the year attributable to:			
Owners of the Company		861,374	1,130,233
Non-controlling interests		205,059	161,722
		1,066,433	1,291,955
Basic and diluted earnings per share (AED)	32	0.785	1.190

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

ABU DHABI AVIATION PJSC

Consolidated statement of comprehensive income

		<i>For the year ended</i>	
		<i>31 December</i>	
		<i>2025</i>	<i>2024</i>
	<i>Note</i>	<i>AED'000</i>	<i>AED'000</i>
Profit for the year		1,066,433	1,291,955
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation		4,282	(27)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement loss on employees' end of service benefits	22	(13,335)	(196)
Other comprehensive income for the year		(9,053)	(223)
Total comprehensive income for the year		1,057,380	1,291,732
Total comprehensive income for the year is attributable to:			
Owners of the Company		852,321	1,130,010
Non-controlling interests		205,059	161,722
		1,057,380	1,291,732

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

ABU DHABI AVIATION PJSC

Consolidated statement of changes in equity

	<i>Share capital AED '000</i>	<i>Share premium AED '000</i>	<i>Contributed capital AED '000</i>	<i>Reserves AED '000</i>	<i>Retained earnings AED '000</i>	<i>Equity attributable to the owners of the Company AED '000</i>	<i>Non- controlling interests AED '000</i>	<i>Total equity AED '000</i>
At 1 January 2024 (Unaudited)	1,735,050	-	347,768	311,891	2,023,922	4,418,631	-	4,418,631
Reverse acquisition (Note 1)	(638,263)	3,489,349	-	-	(1,105,025)	1,746,061	1,105,025	2,851,086
Profit for the year	-	-	-	-	1,130,233	1,130,233	161,722	1,291,955
Other comprehensive income for the year	-	-	-	(27)	(196)	(223)	-	(223)
Total comprehensive income for the year	-	-	-	(27)	1,130,037	1,130,010	161,722	1,291,732
Transfer to reserves (Note 17)	-	-	-	84,726	(84,726)	-	-	-
At 31 December 2024	<u>1,096,787</u>	<u>3,489,349</u>	<u>347,768</u>	<u>396,590</u>	<u>1,964,208</u>	<u>7,294,702</u>	<u>1,266,747</u>	<u>8,561,449</u>
At 1 January 2025 (Audited)	1,096,787	3,489,349	347,768	396,590	1,964,208	7,294,702	1,266,747	8,561,449
Profit for the year	-	-	-	-	861,374	861,374	205,059	1,066,433
Other comprehensive income for the year	-	-	-	4,282	(13,335)	(9,053)	-	(9,053)
Total comprehensive income for the year	-	-	-	4,282	848,039	852,321	205,059	1,057,380
Transfer to reserves (Note 17)	-	-	-	70,561	(70,561)	-	-	-
<i>Transaction with owners in their capacity as owners:</i>								
Dividends paid (Note 18)	-	-	-	-	(329,036)	(329,036)	(250,000)	(579,036)
At 31 December 2025	<u>1,096,787</u>	<u>3,489,349</u>	<u>347,768</u>	<u>471,433</u>	<u>2,412,650</u>	<u>7,817,987</u>	<u>1,221,806</u>	<u>9,039,793</u>

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

ABU DHABI AVIATION PJSC

Consolidated statement of cash flows

		<i>For the year ended 31 December</i>	
		<i>2025</i>	<i>2024</i>
	<i>Note</i>	<i>AED'000</i>	<i>AED'000</i>
Cash flows from operating activities			
Profit before income tax		1,164,249	1,353,414
<i>Adjustments for:</i>			
Depreciation of aircraft, property and equipment	5	92,192	67,317
Aircraft, property and equipment written off	5	187	102
Depreciation of right-of-use assets	9	37,765	29,648
Amortisation of intangible assets	6	9,511	2,617
(Reversal of)/impairment of aircraft, property and equipment	5	(54,600)	3,720
Provision for slow moving and obsolete inventories	11	21,562	2,467
Provision for onerous contracts	24	2,587	(4,144)
Provision for employees' end of service benefits	10	91,540	69,720
Provision/(reversal) for expected credit losses on trade and other receivables	12	9,084	(101,245)
Gain on disposal of aircraft, property and equipment	28	(9,799)	(3,661)
Net change in the fair value of financial assets at FVTPL	8	(36,192)	(43,492)
Net change in the fair value of investment property	7	(83,189)	(3,352)
Gain on bargain purchase	1	-	(596,841)
Share of profit from a joint venture	10	(28,182)	(15,383)
Share of profit from an associate	10	(79,605)	(53,516)
Gain on termination of lease	28	-	(58,221)
Amortisation of deferred income	23	(5,622)	(3,748)
Foreign exchange gain		-	(1,164)
Finance costs	30	32,177	21,359
Interest on lease liabilities	19	35,621	33,247
Finance income	29	(154,751)	(93,315)
Dividend income	28	(9,898)	(4,058)
Operating cash flows before payment of employees' end of service benefits, tax paid and changes in working capital		1,034,637	601,471
Payment of employees' end of service benefits	22	(55,263)	(53,311)
Corporate tax paid	40	(68,204)	-
<i>Changes in working capital:</i>			
Inventories	11	(146,457)	(52,488)
Trade and other receivables	12	872,493	1,501,404
Advances, prepayments and other current assets	13	245,138	(294,705)
Trade and other payables	21	(647,470)	444,474
Provisions	24	(57,749)	(77,665)
Net cash generated from operating activities		1,177,125	2,069,180

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

ABU DHABI AVIATION PJSC

Consolidated statement of cash flows (continued)

		<i>For the year ended 31 December</i>	
		<i>2025</i>	<i>2024</i>
	<i>Note</i>	<i>AED'000</i>	<i>AED'000</i>
Cash flows from investing activities			
Purchase of aircraft, property and equipment	5	(353,359)	(255,802)
Proceeds from disposal of aircraft, property and equipment		47,623	8,145
Purchase of investment property	7	(5,013)	(7,207)
Purchase of intangible assets	6	(38,411)	(4,203)
Proceeds from disposal of intangible assets	6	-	6
Purchase of investments in financial assets at fair value through profit or loss	8	(864,507)	(101,779)
Proceeds from disposal of financial assets at fair value through profit or loss	8	25,865	27,693
Purchase of other financial assets at amortised cost	14(b)	(4,786,134)	(3,741,174)
Proceeds from other financial assets at amortised cost	14(b)	4,627,526	3,281,156
Cash received upon acquisition of subsidiary		-	477,073
Finance income received		142,588	102,027
Dividend income received		9,898	4,058
Net cash used in investing activities		(1,193,924)	(210,007)
Cash flows from financing activities			
Proceeds from borrowings	20	451,276	214,030
Repayment of borrowings	20	(447,235)	(224,210)
Finance costs paid	20	(30,674)	(18,928)
Dividends paid		(654,036)	-
Interest paid on lease liabilities	19	(28,183)	(33,247)
Principal elements of lease liabilities	19	(23,648)	(55,595)
Net cash used in financing activities		(732,500)	(117,950)
Net (decrease)/increase in cash and cash equivalents		(749,299)	1,741,223
Cash and cash equivalents at the beginning of the period		3,754,952	2,013,729
Effect of currency translation on cash and cash equivalents		71	-
Cash and cash equivalents at the end of the period	14(a)	3,005,724	3,754,952

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

**Notes to the consolidated financial statements
for the year ended 31 December 2025****1 General information**

Abu Dhabi Aviation PJSC (the “Company” or “ADA”) is a national shareholding company incorporated in Abu Dhabi, United Arab Emirates by the Decrees and Laws No. 3, No. 10, No. 8, No. 9 and No. 11 of the years 1982, 1985, 1999, 2003 and 2004, respectively. The Company’s shares are listed on the Abu Dhabi Securities Exchange (ADX). The Company has its registered office at P.O. Box 2723, Abu Dhabi, United Arab Emirates.

The Company and its subsidiaries (together referred to as the “Group”) are engaged in the provision of maintenance, repair, and overhaul (MRO) services for fixed-wing, rotary-wing, and military aircraft. The Group also provides professional and technical support services, owns and operates helicopters and fixed-wing aircraft, undertakes charter and commercial air cargo operations, and trades in aircraft spare parts, and accessories, both within and outside the United Arab Emirates.

The Company is owned by ADQ Aviation and Aerospace Services LLC (“ADQ Aviation”) which is a wholly owned subsidiary of Abu Dhabi Developmental Holding Company PJSC (the “Ultimate Parent”) and then ultimately by the Government of Abu Dhabi (the “Ultimate Beneficial Owner”).

During the year 2022, the Group had received an offer from ADQ Aviation to combine its shareholdings in Advanced Military Maintenance Repair and Overhaul Centre LLC (“AMMROC”), Etihad Airways Engineering LLC (“EYE”) and Global Aerospace Logistics LLC (“GAL”) (together referred to as the “Perimeter assets”) with the Group.

On 22 March 2023, the shareholders of the Company approved the proposed ‘transaction’ in accordance with the terms of the share purchase agreement entered into between ADA and ADQ Aviation, whereby ADQ Aviation contributed the Perimeter Assets to ADA. The following are the Perimeter Assets forming part of the transaction, which became effective on 1 May 2024;

- a) a 100% stake in Advanced Military Maintenance Repair and Overhaul Centre LLC (“AMMROC”)
- b) a 100% stake in Etihad Airways Engineering LLC (“EYE”)
- c) a 50% stake in Global Aerospace Logistics LLC (“GAL”)

The consideration for transferring of the Perimeter Assets was satisfied by the issuance of convertible instruments (the “Convertible Instruments”) from ADA to ADQ Aviation. At transaction closing, the Convertible Instruments were converted into 652,000,000 ordinary shares of par value AED 1 each in the capital of ADA. Following the completion of the transaction on 1 May 2024, ADQ Aviation's ownership represents 59.45% of the entire issued share capital of ADA.

The transaction is expected to create a globally competitive aviation business headquartered in Abu Dhabi to position the Emirate as a world-leading hub for aviation maintenance, repair and overhaul (‘MRO’) services, logistics, supply chain and advanced engineering capabilities, with an extensive portfolio of aircrafts, MRO centres and hangars.

Reverse acquisition

Under the terms of the transaction ADA (the “legal acquirer”) issued 652,000,000 new shares, representing 59% of the shares of the merged group to ADQ shareholders in exchange for the stake in ADQ Aviation’s (the “legal acquiree”) equity of the Perimeter assets, which resulted in ADQ Aviation becoming the majority shareholder of the new group with 59.40% of ADA’s shares in issue.

IFRS 3 requires one of the combining entities to be identified as the accounting acquirer and in some cases, the accounting acquirer may not be the same as the legal acquirer. Subsequent to the transaction, as noted above, ADQ Aviation’s shareholder hold the majority of shares of the combined entity, thereby gaining control over the new group. In this Transaction, the Perimeter Assets comprising of AMMROC, EYE and GAL, together representing the “ADQ Aviation Group” (the “legal acquiree”) were determined as the accounting acquirer while ADA (legal acquirer) was determined to be the accounting acquiree resulting in a reverse acquisition.

The overall transaction is deemed to have substance, given different businesses are coming together and the external minority shareholders of ADA will get diluted. IFRS 3 provides guidance on the considerations that are relevant for identifying the acquirer, where the acquirer is the entity that obtains control of the acquiree.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

1 General information (continued)

Reverse acquisition (continued)

The principles of reverse acquisition were used to reflect the acquisition of ADA by ADQ Aviation Group effective 1 May 2024. The number of shares as required under IFRS 3 is that of ADA (as legal acquirer) and not ADQ Aviation Group and therefore the share capital in the consolidated statement of changes in equity is that of ADA. This resulted in an adjustment of AED 638,263 thousand within share capital and also an adjustment to earnings per share for the previous period.

A. Consideration transferred

The fair value of the equity instruments issued at the date of the acquisition is used to determine the consideration for the business combination. The quoted market price of ADA's shares provides a more reliable basis for measuring the consideration effectively transferred than the estimated fair value of the shares in ADQ Aviation Group, the consideration is therefore measured using the market price of ADA's shares as of 1 May 2024.

The following tables summarise the acquisition date fair value of consideration transferred.

Fair valuation	% Ownership	AED'000
Fair valuation of accounting acquirer	59.45%	4,179,320
Fair valuation of accounting acquiree	40.55%	2,851,086
Combined fair value	100%	7,030,406

Capital structure post acquisitions	% Ownership	No. of Shares
Number of shares held by accounting acquiree (ADA)	40.55%	444,787,200
Number of shares issued to accounting acquirer (ADQ Aviation Group)	59.45%	652,000,000
	100%	1,096,787,200

	AED'000
Consideration transferred for reverse acquisition (444,787,200 ADA shares at AED 6.41 per share)	2,851,086

B. Acquisition-related costs

The Group incurred acquisition-related costs of AED 7,877 thousand on legal fees, valuation and due diligence costs.

C. Non-controlling interest

The non-controlling interest at the acquisition date represents the minority interest in Global Aerospace Logistics LLC (GAL) and has been recognised at the proportionate share of the acquired net identifiable assets of GAL at the acquisition date attributable to owners of non-controlling interest (Note 15(b)).

D. Consideration and purchase price allocation

The consideration paid by the Group was based on results of an external appraisal of ADA's business taken as a whole. However, in accordance with IFRS 3 "Business Combinations", the Group must account for acquisitions based on fair values of the identifiable assets acquired, and liabilities and contingent liabilities assumed as set out in the following table:

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

1 General information (continued)

Reverse acquisition (continued)

D. Consideration and purchase price allocation (continued)

Fair values as at 1 May 2024:

	AED'000
Assets	
Aircraft, property and equipment	947,292
Investment properties	342,701
Investments in financial assets	447,230
Right-of-use assets	91,043
Investment in a joint venture	93,839
Investment in an associate	709,418
Inventories	612,891
Trade and other receivables	713,304
Advances, prepayments and other current assets	78,435
Cash and cash equivalents	477,073
Total assets acquired	4,513,226
Liabilities	
Provision for employees' end of service benefits	136,339
Borrowings	451,818
Lease liabilities	125,103
Deferred government grants	51,532
Trade and other payables	238,589
Provisions	53,229
Income tax provision	8,689
Total liabilities acquired	1,065,299
Fair value of identifiable net assets acquired	3,447,927
Net consideration transferred for the reverse acquisition	2,851,086
Gain on bargain purchase	596,841

The fair values of assets and liabilities acquired are based on a combination of cost approach and income approach. The valuation of identifiable assets was performed by an independent professional appraiser. Based on the appraisal report, the aircraft, property and equipment were included in the purchase price allocation.

E. Revenue and profit contributed by the accounting acquirees

The acquired business recognised a revenue of AED 763,946 thousand and net profit of AED 201,971 thousand for the period from 1 May 2024 to 31 December 2024. If the acquisition had occurred on 1 January 2024, consolidated pro forma revenue and net income for the year ended 31 December 2024 would have been AED 7,621,135 thousand and AED 1,530,938 thousand respectively for the comparative period.

F. Cash and cash equivalents contributed by the accounting acquirees

On 1 May 2024 the acquired business contributed net cash and cash equivalents of AED 477,074 thousand.

G. Accounts receivable and other receivables contributed by the accounting acquirees

On 1 May 2024 the acquired business includes trade and other receivables with a fair value of AED 713,304 thousand.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

2 Application of new and revised IFRS Accounting Standards

2.1 New and amended IFRS Accounting Standards applied with no material effect on the consolidated financial statements.

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, and the notes attached thereto, except for the adoption of certain new and revised IFRS Accounting Standards, that became effective in the current year as set out below.

Amendments to IAS 21 - Lack of Exchangeability (effective 1 January 2025) - An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

2.2 New and revised IFRS Accounting Standards in issue but not yet effective and not early adopted

The Group has not early adopted new and revised IFRS Accounting Standards that have been issued but are not yet effective.

Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (effective 1 January 2026)

These amendments:

- clarify the requirements for the timing 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;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

Annual improvements to IFRS – Volume 11 (effective 1 January 2026)

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The amendments are to the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

IFRS 18 Presentation and Disclosure in Financial Statements (effective 1 January 2027)

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

2 Application of new and revised IFRS Accounting Standards (continued)

2.2 New and revised IFRS Accounting Standards in issue but not yet effective and not early adopted (continued)

IFRS 18 Presentation and Disclosure in Financial Statements (effective 1 January 2027) (continued)

Management is currently assessing the detailed implications of applying the new standard on the Company's financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the Company's net profit, the Company expects that grouping items of income and expenses in the statement of profit or loss and other comprehensive income into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Company has performed, the following items might potentially impact operating profit:
 - Foreign exchange differences currently aggregated in the line item 'Finance costs' need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
 - Accretion expense currently aggregated in the line item 'Finance costs' need to be disaggregated and will be presented within operating profit.
- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.
- The Company does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
 - management-defined performance measures;
 - a breakdown of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss and other comprehensive income – this breakdown is only required for certain nature expenses; and
 - for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of profit or loss and other comprehensive income between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.
- From the statement of cash flows perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Company will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective 1 January 2027) - 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 instead applies 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.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

2 Application of new and revised IFRS Accounting Standards (continued)

2.2 New and revised IFRS Accounting Standards in issue but not yet effective and not early adopted (continued)

Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21) (effective 1 January 2027)

The amendments specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:

- a. its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or
- b. it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy.

The amendments will improve the usefulness of the resulting information in a cost-effective manner and reduce diversity in practice.

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

3 Material accounting policies

Basis of preparation

Statement of compliance

The consolidated financial statements for the year ended 31 December 2025 have been prepared in accordance with IFRS Accounting Standards. The consolidated financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Functional and presentation currency

The consolidated financial statements are presented in United Arab Emirates Dirhams (“AED”), which is the Group’s functional and presentational currency. All values are rounded to the nearest AED thousands, unless otherwise stated.

Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities and investment property – measured at fair value or revalued amount.
- defined benefit pension plans – measured at present value.

**Notes to the consolidated financial statements
for the year ended 31 December 2025** (continued)

3 Material accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial position and performance of the Group and its legal subsidiaries as disclosed below:

<i>Name</i>	<i>Percentage holding</i> <i>31 December 2025</i> <i>31 December 2024</i>		<i>Country of incorporation</i>	<i>Principal Activities</i>
Maximus Air – Sole Proprietorship L.L.C.	100%	100%	UAE	Air cargo
Herbal Hill Gardens Limited	100%	100%	Gibraltar	Investment properties ownership
Maximus Airlines L.L.C	100%	100%	Ukraine	Air cargo services
ADA International Real Estate Owned by Abu Dhabi Aviation – Sole Proprietorship Co. L.L.C.	100%	100%	UAE	Real estate lease and management services
Abu Dhabi Aviation Training Centre L.L.C.*	100%	100%	UAE	Aviation training
ADA Millennium Consulting – Owned by Abu Dhabi Aviation Sole Proprietorship L.L.C.	100%	100%	UAE	Advisory and implementation consultancy services to aviation, manufacturing, hospitality, oil and gas and private equity sectors
Global Aerospace Logistics LLC	50%	50%	UAE	Professional and technical assistance services, maintenance of aircrafts and engines, the sale of aircraft, spare parts and accessories thereof.
Etihad Airways Engineering L.L.C	100%	100%	UAE	Maintenance, Repair and Overhaul to airlines and aviation operators
Advanced Military Maintenance, Repair and Overhaul Centre LLC	100%	100%	UAE	Repair, maintenance and overhaul services in respect of fixed and rotary wings, military aircraft and sale of spare parts related to military aircraft.

*The Group entered into a cooperation and services arrangement with Canadian Aviation Electronics Limited (CAE) where the contributions and profit sharing is based on 50-50% basis between the parties. The parties have direct rights to the assets and are jointly and severally liable for the liabilities incurred by the arrangement. This arrangement is therefore classified as a joint operation, and the group recognises its direct right to the jointly held assets (AED 39 million), liabilities (AED 6 million), revenues (AED 15 million) and expenses (AED 14 million).

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3 Material accounting policies (continued)****Business combinations (continued)**

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Abu Dhabi Aviation PJSC. When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

3 Material accounting policies (continued)

Aircraft, property and equipment

Recognition and measurement

Aircraft, property and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation, and any accumulated impairment losses.

If significant parts of an item of aircraft, property and equipment have different useful lives, then they are accounted for as separate items (major components) of aircraft, property and equipment.

Any gain or loss on disposal of an item of aircraft, property and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. The cost of replacing part of an item of aircraft, property and equipment including major inspections and overhauls is recognised in the carrying amount of the related asset if it is probable that future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably.

The remaining carrying amount of replaced parts is derecognised simultaneously. Major inspections and overhaul are capitalised as a separate component of aircraft, property and equipment and are amortised over the period to the next major overhaul.

Depreciation

Depreciation is calculated on a straight-line basis so as to write off the cost of assets over their estimated useful lives, after allowing for estimated residual value.

Residual value is the net amount which the Group expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal. 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

Depreciation of operational aircraft, property and equipment commences with the commercial use of the asset.

The estimated useful life for aircraft, property and equipment in the current year and comparative period is as follows:

	Years
Buildings	30-50
Helicopters, aircraft and major rotables	10-15
Commercial aircraft, rotatable parts and repairables	20-30
Cargo aircraft building	30
Cargo aircraft and spares	25
Leasehold improvements	3-50
Furniture, fixtures, and computers	3-10
Machinery, equipment, and others	4-30

Capital work in progress.

Properties or assets in the course of construction for production, supply, or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss.

Cost includes all direct costs attributable to the design and construction of the asset including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property and equipment or intangible asset category and is depreciated or amortised in accordance with the Group's policies.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3 Material accounting policies (continued)

Intangible assets

Intangible assets, which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. 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.

Subsequent expenditure is recognised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

The intangible assets are amortised on a straight-line basis over their estimated useful lives as follows:

	Years
Intellectual property	4 - 7
Customer contracts	2 - 5
Software	2 - 5

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

Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

At each reporting date, the Group reviews the carrying amounts of its investment properties 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 to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When 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 of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

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 to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3 Material accounting policies (continued)****Investment in joint venture and an associate**

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 associate and joint venture are accounted for using the equity method.

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 aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated 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.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly.
- its liabilities, including its share of any liabilities incurred jointly.
- its revenue
- from the sale of its share of the output arising from the joint operation.
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Accounting Standards applicable to the particular assets, liabilities, revenue and expenses.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3 Material accounting policies (continued)****Interests in joint operations (continued)**

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Inventories

Inventories are stated at the lower of cost or net realisable value, which have been adjusted for any expected impairment. Cost is arrived at using the weighted average method for MRO related inventory and the First In First Out (FIFO) method for all other helicopter and fixed wing operations inventory. Costs comprises cost of materials purchased, duties, freight charges and other related expenses and where applicable, direct labor costs and those overheads that have been incurred in bringing the inventory to its present location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business, less selling expenses. Allowance for obsolete and slow-moving inventory is made to reduce the carrying amount of inventories to their realisable value.

Deferred costs

Deferred costs consists of components ordered for certain kits that are principally to be used in maintenance activities in future, sale, with revenue being recognised at the time of delivery of fully completed kits,. Cost comprises all direct costs attributable to the purchase of the components of these kits.. Management is satisfied that revenue recognition is at the time of delivery of the fully completed kits for the aircraft in the future. Accordingly, all related costs incurred are recorded as deferred costs.

Cash and cash equivalents

In the consolidated statement of financial position, cash and cash equivalents comprise cash (i.e., cash on hand and demand deposits). 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.

Other financial assets at amortised cost

In the consolidated statement of financial position, other financial assets at amortised cost comprise of other financial assets, structured deposits and short-term investments having maturity of more than 3 months which are not highly liquid and are exposed to significant risk of changes due to early termination costs imposed by the banks and are held by the Group for investment purposes.

Financial instruments**Financial assets and financial liabilities**

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

3 Material accounting policies (continued)

Financial instruments (continued)

Financial assets and financial liabilities (continued)

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- 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.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met;
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and effective cost method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e., assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3 Material accounting policies (continued)

Financial instruments (continued)

Financial assets and financial liabilities (continued)

(i) *Amortised cost and effective cost method (continued)*

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Interest income is recognised in profit or loss and is included in the finance income line item.

(ii) *Debt instruments classified as at FVTOCI*

The debt instruments held by the Group are classified as at FVTOCI. The debt instruments are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these debt instruments as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) *Equity instrument designated as at FVTOCI*

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment's revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income – other' line item in profit or loss.

The Group designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3 Material accounting policies (continued)

Financial instruments (continued)

Financial assets and financial liabilities (continued)

(iv) *Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL.

Specifically:

Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).

Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "Net change in the fair value of financial asset through profit or loss" line item in the profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and other receivables, as well as on contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL (expected credit losses) for trade receivables and other receivables and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises a lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3 Material accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(i) *Significant increase in credit risk* (continued)

Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- and an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise. Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) *Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

(iii) *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

3 Material accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets (continued)

- a. significant financial difficulty of the issuer or the borrower;
- b. a breach of contract, such as a default or past due event (see (ii) above);
- c. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e. the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in consolidated statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when 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 and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3 Material accounting policies (continued)

Financial instruments (continued)

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the other income line item in consolidated statement of profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

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.

Debt and equity instruments

Debt and equity instruments are classified as either financial liability or equity in accordance with the substance of the contractual arrangement.

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.

A financial instrument is classified as equity instrument if, and only if, both conditions (a) and (b) below are met.

(a) The instrument includes no contractual obligation:

- to deliver cash or another financial asset to another entity.
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the issuer.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3 Material accounting policies (continued)****Financial instruments (continued)***Equity instruments (continued)*

(b) If the instrument will or may be settled in the issuer's own equity instruments, it is:

- a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
- a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leases*(a) The Group as lessee*

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options and;
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3 Material accounting policies (continued)****Leases (continued)***(a) The Group as lessee (continued)*

To determine the incremental borrowing rate, the Group:

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

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

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the years presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Aircraft, property and equipment' policy.

Extension and termination options are included in property and equipment leases. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3 Material accounting policies (continued)****Leases (continued)**

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Lessor accounting

At inception 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 their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income over the lease term as part of 'other income'.

Deferred government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct, or otherwise acquire non-current assets (including aircraft, property and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Trade payables

Trade payables are obligations to pay for goods or service that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3 Material accounting policies (continued)

Provision for employees' end of service benefits

Short-term employee benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees' and the obligation can be estimated reliably.

Provision is made for the estimated liability for employees' entitlement to annual leave as a result of services rendered by the employee up to the consolidated statement of financial position date and is considered as a current liability.

Terminal benefits for non-UAE Nationals

Terminal benefits: For Group entities domiciled in the UAE, provision for staff terminal benefits is made in accordance to the UAE Federal Labour Law and is determined as the liability that would arise if the employment of all staff were to be terminated at the reporting date. For Etihad Airways Engineering, the Group runs a defined benefit plan for its expatriate employees based in the UAE as per the requirements of UAE Labour Law No 8 of 1980. For defined benefit retirement plans, the cost of providing benefit is determined using the projected unit credit method, with actuarial valuations being carried out at the end of the annual reporting period. Remeasurement, comprising actual gain and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the year in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be classified to profit or loss. Past service cost is recognised in profit or loss in the year of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the year to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, and gains and losses on curtailments and settlement);
- net interest expense or income; and
- measurement.

Terminal benefits for UAE Nationals

With respect to its UAE national employees, the Group makes contributions to a pension fund established by the UAE General Pension and Social Security Authority calculated as a percentage of the employees' salary. The Group's obligations are limited to those contributions, which are expensed when due.

Pension contributions are made in respect of UAE national employees to Abu Dhabi Retirement Pensions and Benefits Fund in accordance with the UAE Federal Law No. (2) of 2000. Such contributions are charged to the profit or loss during the employees' period of service.

An actuarial valuation is not performed on staff terminal and other benefits as the net impact of the discount rate and future salary and benefits level on the present value of the benefits obligation are not expected by management to be significant.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

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.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3 Material accounting policies (continued)****Provisions (continued)***Onerous Contracts*

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Income taxes

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 consolidated financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

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.

Revenue from contracts with customers

Revenue is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when each performance obligation of the service is fulfilled.

The stand-alone selling prices are determined based on the observable price at which the Group sells services on a standalone basis. For items that are not sold separately, the Group estimates standalone selling prices using other methods.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3 Material accounting policies (continued)****Revenue from contracts with customers (continued)**

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15.

Step 1 - Identify the 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 each of those rights and obligations.

Step 2 – Identify the performance obligations in the contract.

A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 – Determine the transaction price

Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the 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 will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 – Recognise revenue when (or as) the entity satisfies a performance obligation

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

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

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied. Revenue is recognised over time as the services are provided, and at a point in time for the sale of goods.

If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on the contracts signed with the customers

The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Performance-based logistics ("PBL") services

The total revenue that the Group generates in return for the provision of the maintenance, repair, overhaul ("MRO") capability and services under the contractual arrangement will depend upon the extent of aircraft flight activity reported by Customer, though the contractual arrangements provide for a minimum, which compensates the Group's costs of fulfilling those contractual arrangements. In this contract, the Customer pays fixed, flat rate for each flight hour (subject to certain thresholds) and such rate will cover sale of material and parts, MRO work, and other services. In accordance with IFRS 15, it was assessed and concluded that the revenue attributable to the sale of materials and those attributable to MRO and other services are distinct and separable even if negotiated as one PBL agreement.

- Revenue from sale of materials is recognised on the transfer of control over materials to the Customer i.e., the time when the contract-specific materials are received and accepted by the Group on behalf of the Customer.
- Revenue from MRO services is recognised based on percentage of completion ("PoC") method. PoC is estimated based on factors viz. flight hours, contract period, KPIs, scope changes, and any adjustments to the contract value.

**Notes to the consolidated financial statements
for the year ended 31 December 2025** (continued)

3 Material accounting policies (continued)

Revenue from contracts with customers (continued)

Professional & technical assistance services

Under IFRS 15, the professional & technical assistance services to be provided over the contract period are considered to be a single performance obligation with monthly billing cycle. Further, for each performance obligation under contract, the price agreed on cost plus basis is considered to be 'fair value' in accordance with IFRS 15.

Revenue from professional & technical assistance services is recognized over the contract period on cost plus basis by reference to the recoverable cost incurred during the period together with the fee earned for the services rendered in accordance with the relevant contract

Other maintenance, repair and overhaul services

Revenue from MRO services is recognised over time based on the actual labour hours booked, materials issued and other direct costs to jobs based on contractual rates agreed with customers.

Sale of materials

Revenue from sale of materials is recognised at point in time when the control over the materials is transferred to customers and include revenue from material sales and spare parts trading to customers.

Rotary wing and fixed wing operations and air cargo

Revenue represents amounts invoiced by the Group in respect of aviation services provided during the year measured at the fair value of the consideration received or receivable, net of discounts. Revenue is recognised over time as the services are provided.

Rental income/others

This represents amounts invoiced by the Group in respect of rental/consultancy services provided during the year measured at the fair value of the consideration received or receivable, net of discounts. The Group recognises revenue when the amount of the revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity and when specific criteria have been met for Group's activities.

Contract assets and liabilities

The Group has determined that contract assets and liabilities are to be recognised at the performance obligation level and not at the contract level and both contract assets and liabilities are to be presented separately in the consolidated financial statements. The Group classifies its contract assets and liabilities as current and non-current based on the timing and pattern of flow of economic benefits.

Interest/dividend income and interest expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset;
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3 Material accounting policies (continued)****Foreign currency**

In preparing the consolidated financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e., partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice.

The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position on a net basis. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)****3 Material accounting policies (continued)****Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4 Critical accounting judgement and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities 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. Revisions to accounting estimates are recognised in the period 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.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Judgements in determining the timing of satisfaction of performance obligations

The Group generally recognises revenue over time as it performs continuous transfer of control of goods or transport services to the customers. Because customers simultaneously receive and consume the benefits provided and the control transfer takes place over time, revenue is also recognised based on the extent of transfer/completion of transfer of each performance obligation. In determining the method for measuring progress for these performance obligations, the Group has considered the nature of these goods and services as well as the nature of its performance.

Determination of control over investment in joint ventures

As describe in Note 10, AgustaWestland Aviation Services L.L.C. ("AWAS") is a joint venture of the Group and Agusta SpA. Although the Group owns a 70% ownership interest in AWAS, the Group does not have control or significant influence over AWAS as it is contractually agreed with Agusta SpA that the relevant activities of AWAS require unanimous consent of the parties sharing control and equal voting power. AWAS is a limited liability Group whose legal form confers separation between the parties to the joint arrangement and the Group itself. Furthermore, there are no contractual arrangements or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, AWAS is classified as a joint venture of the Group.

The Group has also entered into a cooperation and services arrangement with CAE Inc. in relation to Abu Dhabi Aviation Training L.L.C., where the contributions and profit sharing is based on 50-50 percent basis between the parties. The parties have direct rights to the assets and are jointly and severally liable for the liabilities incurred by the arrangement. This arrangement is therefore classified as a joint operation, and the group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

Classification of properties

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property and equipment and/or asset held for sale. The Group develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment aircraft, property and equipment and asset held for sale. In making its judgement, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16, IAS 40 and IFRS 5, in particular, the intended usage of property as determined by management.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

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

Critical judgements in applying the Group's accounting policies (continued)

Significant increase in credit risk

As explained in Note 3, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of Note 3). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Performance Based Logistics ('PBL') Contract

(a) Key Performance Indicators (KPI)

The PBL contract penalizes the Group for not achieving the specified KPI benchmark as agreed in the contract. These penalties are computed on a specific percentage of revenue for the relevant period. Therefore, in computing the percentage of completion for the PBL MRO services management considers an estimated KPI penalty for future periods to assess the overall net revenue from the PBL MRO services. While forecasting KPI penalties, management has assumed future resources availability and learning curve efficiencies being developed based on their experience from past provision of MRO services.

(b) Total contract value

The PBL contract value is the product of platform-wise flight hour rate multiplied by sum of actual flight hours till date and future estimated flight hours. Future flight hours are estimated based on updated information of historical trends of flight hours. On a quarterly basis management updates the contract value of the PBL contract by incorporating the actual flight hours till date minus the previous quarter. As the total estimated contract value is less than the budgeted value in the PBL contract due to lower than budgeted flight activity, management has assumed the revised estimated contract value in its cost-to-cost calculations.

(c) Obligation after the end of the PBL contract

The Group's obligation for providing MRO services under the PBL contract is time bound, hence based on its understanding and interpretation of the contractual arrangements, the Group is not responsible for any aircraft brought to service after the end of the PBL contract, regardless of the timing of the flight hours. However, management is responsible for completing MRO services on aircraft which are already under the maintenance process at the contract end date as well as items sent outside the custody of the Group to be repaired.

(d) Determination of principal or agency relationship

Management has considered all relevant factors and circumstances in determining whether the Group is acting as a principal or as an agent with respect to its contracts with the Customer. As per the terms of the contracts, the Group's position is that of a principal rather than an agent. Thus, the Group recognised revenue based on the gross amount charged to the ultimate customer.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

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

Critical judgements in applying the Group's accounting policies (continued)

PBL Contract (continued)

(e) Determination of existence of customer contract and revenue recognition

Instances where there are unsigned contracts with related party customers ("the Customer"), all relevant factors in accordance with IFRS 15 are considered in determining the amount of revenue recognised, whether it is probable that the economic benefits would arise from the unsigned contract, the service performed has been received and accepted by the customer during the negotiations phase of the contract.

As of the year end, the group has recognised revenue equivalent to the actual cost incurred to fulfil the obligations of the contract in case there is no confirmation received from the customer in respect to the terms of contracts which are under negotiations. In respect to the unsigned contract where the customer has confirmed the terms the revenue has been recognised based on the contractual price agreed with the customer as part of contract negotiations.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may 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.

Allowance for impairment losses on trade and other receivables

The Group recognises loss allowances for ECLs on trade and other receivables. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. The Group measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of trade and other receivables has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Group assumes that the credit risk on trade and other receivables has increased significantly based on significant judgement. Specific factors management considers include the age of balance, background of the customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of the counterparty. Management has estimated the recoverability of trade receivables balances and has considered the allowance required for impaired receivables. Allowance for impairment losses on trade and other receivables at 31 December 2025 is AED 233,415 thousand (31 December 2024: AED 339,927 thousand).

Allowance for obsolete and slow-moving inventories

Management has estimated the recoverability of inventory balances which relates to spare parts and rotables and has considered the allowance required for inventory obsolescence based on the current economic environment and past obsolescence history. Allowance for impairment of obsolete and slow-moving inventories as at 31 December 2025 is AED 198,401 thousand (31 December 2024: AED 196,367 thousand).

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

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

Key sources of estimation uncertainty (continued)

Useful lives of aircraft, property and equipment

The Group determines the estimated useful lives of its aircraft, property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of assets and physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge is adjusted where management believes that the useful lives differ from the previous estimates (Note 5).

Impairment of aircraft, property and equipment and capital work in progress

Aircraft classified under aircraft, property and equipment and capital work in progress are assessed for impairment by comparing the carrying value to their estimated recoverable amount, being the higher of their estimated fair value less costs of disposal and value in use at individual CGU level. For the year ended 31 December 2025, the impairment reversal is AED 54,600 thousand (31 December 2024: impairment of AED 3,720 thousand), as disclosed in Note 5.

Impairment of investment in a joint venture

Management regularly reviews its investment in a joint venture for indicators of impairment. This determination of whether the investment in a joint ventures is impaired, entails management's evaluation of the investee's profitability, liquidity, solvency and ability to generate operating cash flows from the date of acquisition and into the foreseeable future. The difference between the estimated recoverable amount and the carrying value of the investment is recognised as an expense in profit or loss. Management is satisfied that no impairment is required on its investment in a joint venture (Note 10).

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Revenue recognition and accrued contract revenue for certain cost-plus contracts

As per the provision of certain cost-plus contracts, the Group is able to bill the customer for certain employee related accruals relating to end of service benefits, airfare and tickets and leave salaries, when these are actually paid to the employees. As these costs are subject to change due to various estimation uncertainties not in control of the Group including employee attritions, final basic salary at termination of employment, period of expected employment and the continuation of the employee to work for cost-plus contracts, at the end of every reporting period, management estimate an amount of revenue required to be recognised relating to the customer contract for these employee related accruals. The accuracy of these estimate has a significant impact on the amount of revenue and accrued revenue recognised.

Carrying value of provision for defined end of service benefit obligation

For Etihad Airways Engineering (EYE), the calculation of defined benefit obligation is sensitive to the actuarial assumptions. Subsequent changes in circumstances such as living conditions in the region, labour laws and labour market dynamics may result in actual results differing from estimates. Estimates are reviewed on an annual basis by a qualified independent actuary and revised if deemed necessary.

Notes to the consolidated financial statements
for the year ended 31 December 2025

5 Aircraft, property and equipment

	Buildings AED'000	Helicopters, aircraft and major rotables AED'000	Cargo aircraft and spares AED'000	Leasehold improvements AED'000	IT equipment AED'000	Furniture and fittings AED'000	Tools and equipment AED'000	Capital work in progress ("CWIP") AED'000	Total AED'000
Cost									
At 1 January 2024 (unaudited)	867,552	-	-	14,017	101,146	83,116	500,182	3,089,290	4,655,303
Acquisition through business combination (Note 1)	50,937	776,938	47,561	-	1,340	(545)	2,945	68,116	947,292
Additions	64,091	28,140	-	1,483	23,182	6,287	26,557	106,062	255,802
Disposals	(305)	(27,809)	-	(4,210)	(3,269)	(29,477)	(3,381)	(10)	(68,461)
Write-offs	-	-	-	-	(102)	-	-	-	(102)
Transfers from CWIP	2,892	-	-	-	-	-	-	(2,892)	-
At 31 December 2024	985,167	777,269	47,561	11,290	122,297	59,381	526,303	3,260,566	5,789,834
At 1 January 2025	985,167	777,269	47,561	11,290	122,297	59,381	526,303	3,260,566	5,789,834
Additions	5,861	19,797	46,313	2,082	1,879	21,220	25,070	231,137	353,359
Disposals	-	(36,766)	-	-	(125)	(116)	(2,074)	-	(39,081)
Write-offs	-	(187)	-	-	-	-	-	-	(187)
Transfers from CWIP	60,179	160,135	-	-	-	-	25,603	(245,917)	-
Reclassification from CWIP to expenses/intangibles	-	-	-	-	-	-	-	(929)	(929)
At 31 December 2025	1,051,207	920,248	93,874	13,372	124,051	80,485	574,902	3,244,857	6,102,996

Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)

5 Aircraft, property and equipment (continued)

	Buildings AED'000	Helicopters, aircraft and major rotables AED'000	Cargo aircraft and spares AED'000	Leasehold improvements AED'000	IT equipment AED'000	Furniture and fittings AED'000	Tools and equipment AED'000	Capital work in progress ("CWIP") AED'000	Total AED'000
Accumulated depreciation									
At 1 January 2024 (unaudited)	211,348	-	-	4,711	78,304	74,108	418,410	-	786,881
Depreciation charge for the year	17,738	12,770	5,132	3,132	8,896	3,083	16,566	-	67,317
Disposals	(224)	(12,418)	-	(3,930)	(127)	(29,471)	(3,150)	-	(49,320)
At 31 December 2024	228,862	352	5,132	3,913	87,073	47,720	431,826	-	804,878
At 1 January 2025	228,862	352	5,132	3,913	87,073	47,720	431,826	-	804,878
Depreciation charge for the year	19,745	22,445	9,014	2,989	11,730	5,155	21,114	-	92,192
Disposals	-	-	-	-	(36)	(76)	(2,074)	-	(2,186)
At 31 December 2025	248,607	22,797	14,146	6,902	98,767	52,799	450,866	-	894,884
Accumulated impairment									
At 1 January 2024 (unaudited)	237,780	-	-	-	-	-	-	3,022,691	3,260,471
Impairment charge for the year	-	-	-	-	-	-	-	3,720	3,720
Impairment write-off		(14,657)							(14,657)
At 31 December 2024	237,780	(14,657)	-	-	-	-	-	3,026,411	3,249,534
At 1 January 2025	237,780	(14,657)	-	-	-	-	-	3,026,411	3,249,534
Reversal of impairment	-	-	-	-	-	-	-	(54,600)	(54,600)
At 31 December 2025	237,780	(14,657)	-	-	-	-	-	2,971,811	3,194,934
Carrying value									
At 31 December 2025	564,820	912,108	79,728	6,470	25,284	27,686	124,036	273,046	2,013,178
At 31 December 2024	518,525	791,574	42,429	7,377	35,224	11,661	94,477	234,155	1,735,422

**Notes to the consolidated financial statements
for the year ended 31 December 2025**

5 Aircraft, property and equipment (continued)

i) Aircraft, property and equipment is primarily operated from the Group's base in the UAE.

ii) The depreciation charge for the year has been allocated as follows:

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Direct operating costs (Note 26)	66,399	48,115
General and administrative expenses (Note 27)	25,793	19,202
	<u>92,192</u>	<u>67,317</u>

iii) The cost of fully depreciated assets as at 31 December 2025 amounts to AED 2,312 million (2024: AED 5,214 million).

iv) Aircraft, property and equipment with a carrying amount of AED 38 million (2024: AED 0.9 million) was disposed of during the year. Proceeds from disposal amounted to AED 48 million (2024: AED 8.1 million). This resulted in a gain of AED 10 million (2024: AED 3.8 million) during the year.

v) Aircraft with a carrying amount of AED 484 million (2024: AED 386 million) are mortgaged to the lending banks (Note 20).

vi) Blade Shop cash-generating unit (CGU) was fully impaired in prior periods. The reversal was recognised because the estimated value in use (VIU) of the Blade Shop CGU exceeded its carrying amount as at the period ending 31 December 2025. The improvement was primarily attributable to the commencement of commercial operations, and the generation of stable positive operating cash flows. The VIU was determined using a discounted cash flow (DCF) model prepared by independent external consultants, based on financial projections approved by management. The calculation uses cash flow projections covering a five-year period, extrapolated beyond that period using a terminal growth rate that reflects long-term industry expectations.

The recoverable amount of the CGU was determined based on value-in-use calculations using the discounted cash flow method (DCF). The following table sets out the key assumptions for the CGU where the impairment assessment was updated as at 31 December 2025:

	<i>31 December 2025</i>
Projection period	5 years
Revenue growth rate	2%
Terminal growth rate	2%
WACC (pre-tax)	<u>9.5%</u>

The directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any other instances that could cause the carrying amount of the Blade Shop Facility CGU to exceed its recoverable amount.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

6 Intangible assets

	Computer software AED'000	Work in progress AED'000	Customer contracts and intellectual properties AED'000	Total AED'000
Cost				
At 1 January 2024 (unaudited)	224,354	14,140	620,230	858,724
Additions	4,203	-	-	4,203
Disposals	(1,853)	-	-	(1,853)
At 31 December 2024	226,704	14,140	620,230	861,074
At 1 January 2025	226,704	14,140	620,230	861,074
Additions	38,411	-	-	38,411
Transfers	2,943	(2,943)	-	-
At 31 December 2025	268,058	11,197	620,230	899,485
Accumulated amortisation and impairment				
At 1 January 2024 (unaudited)	218,303	7,789	620,230	846,322
Amortisation charge for the year	2,617	-	-	2,617
Write-off	(1,847)	-	-	(1,847)
At 31 December 2024	219,073	7,789	620,230	847,092
At 1 January 2025	219,073	7,789	620,230	847,092
Amortisation charge for the year	9,511	-	-	9,511
At 31 December 2025	228,584	7,789	620,230	856,603
Carrying value				
At 31 December 2025	39,474	3,408	-	42,882
At 31 December 2024	7,631	6,351	-	13,982

7 Investment properties

Investment properties represent investment in properties located in Al Rawdhah, Abu Dhabi, Al Satwa, Dubai, Al Muneera, Abu Dhabi and Zayed City, Abu Dhabi.

	31 December 2025 AED'000	31 December 2024 AED'000
At 1 January	356,902	3,642
Acquisition through business combination (Note1)	-	342,701
Additions during the year	5,013	7,207
Change in fair value during the year	83,189	3,352
	445,104	356,902

Investments properties were initially recognised at cost at the acquisition date and subsequently revalued based on external valuations performed by the valuation expert. Investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of investment properties being valued. The valuations were prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards.

The fair value was derived using the market comparable approach based on recent market prices and income capitalisation approach without any significant adjustments being made to the market observable data. There was no impairment loss on valuation of investment property recognised during the year (31 December 2024: AED Nil).

**Notes to the consolidated financial statements
for the year ended 31 December 2025** (continued)

7 Investment properties (continued)

As at 31 December 2025, all of the Group's investment properties were grouped in Level 3 of fair value hierarchy (31 December 2024: Level 2 and 3).

	31 December 2025 AED'000	31 December 2024 AED'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant Unobservable input(s) and its relationship to fair value	Sensitivity
Residential property located at Al Rawdhat	188,400	183,737	Level 3	Income approach	Discount rate, taking into account the discounting of rental income potential, nature of the property, and prevailing market condition, of 7.25% rate (2024: 8%).	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
Residential property located at Al Satwa	112,900	101,899	Level 3	Income approach	Discount rate, taking into account the discounting of rental income potential, nature of the property, and prevailing market condition, of 7% (2024: 8%).	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
Residential property located at Al Muneera	93,810	51,857	Level 3	Market approach	Unit sales price per Sq. F	A slight increase in the per square foot rate used would result in a significant increase in fair value, and vice versa.
Residential property located at Zayed City	43,500	12,415	Level 3	Income approach	Discount rate, taking into account the discounting of rental income potential, nature of the property, and prevailing market condition, of 7.5%.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
Residential property located at Zayed City	6,494	6,994	Level 3	Income approach	Discount rate, taking into account the discounting of rental income potential, nature of the property, and prevailing market condition, of 8% (2024: 8%)	A slight increase in the per square foot rate used would result in a significant increase in fair value, and vice versa.

8 Financial assets at fair value through profit or loss

	31 December 2025 AED'000	31 December 2024 AED'000
Equity securities - designated at FVTPL	327,260	305,288
Corporate debt securities - designated at FVTPL	1,118,873	259,520
	1,446,133	564,808

Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)

8 Financial assets at fair value through profit or loss (continued)

The movement in investment in financial assets at fair value through profit or loss are as follows:

	<i>31 December</i> <i>2025</i> <i>AED'000</i>	<i>31 December</i> <i>2024</i> <i>AED'000</i>
At 1 January	564,808	-
Acquisition through business combination (Note1)	-	447,230
Purchase during the year	864,507	101,779
Disposal during the year	(25,865)	(27,791)
Change in fair value during the year	36,192	43,492
Net foreign currency translation difference	6,491	98
	<u>1,446,133</u>	<u>564,808</u>

The Group's investments in equity and corporate debt securities are as follows:

	<i>31 December</i> <i>2025</i> <i>AED'000</i>	<i>31 December</i> <i>2024</i> <i>AED'000</i>
Investment in equities – UAE	273,646	256,411
Investment in developed market equities – US	12,473	12,633
Investment in emerging market equities – Asia	1,840	1,519
Investment in equities – US	441	302
Investment in fixed income SP – UAE	38,860	34,423
Investment in developed government bonds	8,336	5,178
Investment in high yield and emerging market bonds	5,715	17,200
Investment in corporate bonds – US	618	4,666
Investment in short term maturity bonds	1,677	6,586
Investment in corporate bonds – UK	35,724	36,369
Investment in corporate bonds – European (EX-UK)	4,695	4,243
Investment in bonds - UAE	1,057,184	181,484
Investment in multi class assets	2,949	2,642
Investment in alternate commodities	1,327	590
Investment in alternative trading strategies	648	562
	<u>1,446,133</u>	<u>564,808</u>

9 Right of use assets

	Land AED'000	Building AED'000	Motor vehicle AED'000	Total AED'000
Cost				
At 1 January 2024 (unaudited)	874,433	129,133	3,976	1,007,542
Acquisition through business combination (Note 1)	-	91,043	-	91,043
Additions during the year	393,543	7,401	-	400,944
Termination during the year	(549,883)	(47,388)	-	(597,271)
At 31 December 2024	<u>718,093</u>	<u>180,189</u>	<u>3,976</u>	<u>902,258</u>
At 1 January 2025	718,093	180,189	3,976	902,258
Additions during the year	12,750	2,037	-	14,787
Remeasurement during the year	32,488	-	-	32,488
At 31 December 2025	<u>763,331</u>	<u>182,226</u>	<u>3,976</u>	<u>949,533</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

9 Right of use assets (continued)

	Land AED'000	Building AED'000	Motor vehicle AED'000	Total AED'000
Accumulated depreciation				
At 1 January 2024 (unaudited)	146,097	102,565	3,976	252,638
Depreciation for the year	16,658	12,990	-	29,648
Termination during the year	(63,135)	(47,388)	-	(110,523)
At 31 December 2024	<u>99,620</u>	<u>68,167</u>	<u>3,976</u>	<u>171,763</u>
At 1 January 2025	99,620	68,167	3,976	171,763
Depreciation for the year	23,829	13,936	-	37,765
At 31 December 2025	<u>123,449</u>	<u>82,103</u>	<u>3,976</u>	<u>209,528</u>
Carrying Value				
At 31 December 2025	<u>639,882</u>	<u>100,123</u>	<u>-</u>	<u>740,005</u>
At 31 December 2024	<u>618,473</u>	<u>112,022</u>	<u>-</u>	<u>730,495</u>

During the comparative period, the Group entered into a settlement and termination agreement with the existing landlord to terminate the MRO land lease with a carrying value of AED 604 million in respect of the lease liability and AED 486 million in respect of right of use assets, having met the conditions precedent related to the settlement and termination agreement. Rent of AED 60 million was repaid to the landlord and a gain in termination of AED 58 million in the consolidated statement of profit or loss.

The termination of the lease agreement resulted in a termination fee of AED 36 million which was netted off against the gain on lease termination, resulting in a net gain on termination of AED 22 million (Note 28) which was recognised in the consolidated statement of profit or loss for the year ended 31 December 2024.

On 1 March 2024, the Group entered into a negotiation with the Ultimate Landlord over a new lease agreement for a lease term of 40 years and rental repayments payable in advance.

10 Investments in a joint venture and an associate

	31 December 2025 AED'000	31 December 2024 AED'000
Investment in AgustaWestland Aviation Services LLC (Joint venture)	137,404	109,222
Investment in Royal Jet LLC (Associate)	842,539	762,934
	<u>979,943</u>	<u>872,156</u>

Investment in AgustaWestland Aviation Services LLC

Investment in a joint venture

The Group has a 70% equity shareholding with equal voting power in Agusta Westland Aviation Services L.L.C. (AWAS), a joint venture established in the Emirate of Abu Dhabi, UAE as a limited liability company. AWAS is engaged to undertake repairs, overhaul, customisation, modification and upgrading of helicopters, and sale of helicopter spare parts and accessories. The Group's share of the results, assets and liabilities as at 31 December 2025 have been accounted for using the equity method.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

10 Investments in a joint venture and an associate (continued)

Movement in investment in joint ventures is as follows:

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
At 1 January	109,222	-
Acquisition through business combination (Note 1)	-	93,839
Share of profit for the year	28,182	15,383
	<u>137,404</u>	<u>109,222</u>

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

Statement of financial position

Non-current assets	2,181	2,982
Cash and cash equivalents	43,063	25,529
Other current assets (excluding cash)	238,012	231,789
Financial liabilities (excluding trade payables)	(54,486)	(75,949)
Other current liabilities (including trade payables)	(29,613)	(24,590)
Other non-current liabilities	(2,865)	(3,729)
Net assets	<u>196,292</u>	<u>156,032</u>

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

	<i>For the year ended 31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Statement of profit or loss:		
Income	305,032	182,982
Expenses	(248,788)	(149,681)
Depreciation	(773)	(387)
Other expenses	(11,260)	(8,765)
Income tax for the year	(3,951)	(2,173)
	<u>40,260</u>	<u>21,976</u>

The reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint venture is as follows:

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
At 1 January	156,032	-
Acquisition through business combination (Note 1)	-	134,056
Profit for the year	40,260	21,976
Closing balance	<u>196,292</u>	<u>156,032</u>
Share of interest in joint venture at 70%	<u>137,404</u>	<u>109,222</u>
Carrying value	<u>137,404</u>	<u>109,222</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

10 Investments in a joint venture and an associate (continued)

Investment in Royal Jet LLC

Investment in an associate

Set out below is the investment in an associate of the group as at 31 December 2025 which, in the opinion of the directors, is material to the Group. The entity below has 50% of share capital consisting solely of ordinary shares, which are held directly by the Group:

Movement in investment in joint ventures is as follows:

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
At 1 January	762,934	-
Acquisition through business combination (Note 1)	-	709,418
Share of associates profit for the year	79,605	53,516
	<u>842,539</u>	<u>762,934</u>

The associate's summarised financial information is as follows:

Statement of financial position

Non-current assets	1,190,996	959,998
Cash and cash equivalents	225,121	73,511
Other current assets (excluding cash)	451,073	620,056
Financial liabilities (excluding trade payables)	(134,103)	(69,824)
Other current liabilities (including trade payables)	(254,450)	(240,879)
Other non-current liabilities	(60,455)	(83,890)
Net assets	<u>1,418,182</u>	<u>1,258,972</u>

The associate's summarised financial performance is as follows:

	<i>For the year ended 31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Statement of profit or loss:		
Income	940,404	679,234
Expenses	(717,873)	(516,371)
Other expenses	(43,359)	(39,678)
Finance costs, net	(4,211)	(5,745)
Income tax for the year	(15,751)	(10,408)
	<u>159,210</u>	<u>107,032</u>

The reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the associate is as follows:

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Opening net assets	1,258,972	-
Net assets retained in an associate	-	1,151,940
Profit for the year	159,210	107,032
Closing balance	<u>1,418,182</u>	<u>1,258,972</u>
Share of interest in associate at 50%	709,091	629,486
Fair value gain of interest retained in associate	133,448	133,448
Carrying value	<u>842,539</u>	<u>762,934</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

11 Inventories

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Aircraft consumables and spare parts	1,410,916	1,286,747
Goods in transit	7,653	4,893
Less: allowance for slow moving/ obsolete inventories	<u>(198,401)</u>	<u>(196,367)</u>
	<u>1,220,168</u>	<u>1,095,273</u>

Inventories of AED 2,056 million (2024: AED 2,001 million) was consumed during the year (Note 26).

Movement in allowance for slow moving/ obsolete inventories is as follows:

	<i>2025 AED'000</i>	<i>2024 AED'000</i>
At 1 January	196,367	193,900
Charge for the year	21,562	19,249
Reversal for the year	<u>(19,528)</u>	<u>(16,782)</u>
At 31 December	<u>198,401</u>	<u>196,367</u>

12 Trade and other receivables

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Trade receivables	351,197	396,815
Unbilled receivables	114,971	47,291
Other receivables, net of impairment	<u>99,774</u>	<u>69,648</u>
	565,942	513,754
Provision for impairment on trade and other receivables	<u>(42,800)</u>	<u>(32,798)</u>
	523,142	480,956
Due from related parties, net (Note 12(a))	<u>3,665,783</u>	<u>4,589,545</u>
	<u>4,188,925</u>	<u>5,070,501</u>

Trade receivables for the comparative period comprises of AED 203 million acquired through business combination.

12(a) Due from related parties

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Billed related party receivables	1,739,217	1,809,409
Provision for impairment of billed related party receivables	<u>(113,999)</u>	<u>(234,294)</u>
	1,625,218	1,575,115
Unbilled related party receivables	2,117,181	3,087,265
Provision for impairment of unbilled related party receivables	<u>(76,616)</u>	<u>(72,835)</u>
	<u>2,040,565</u>	<u>3,014,430</u>
	<u>3,665,783</u>	<u>4,589,545</u>

The average credit period of trade receivables is 60 - 90 days (31 December 2023: 60 - 90 days). No interest is charged on trade and other receivables. The Group has adopted a policy of dealing with only creditworthy counterparties. Adequate credit assessment is made before accepting a new customer.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

12 Trade and other receivables (continued)

The Group measures the allowance for expected credit loss on 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.

Unbilled receivables include receivables earned from unsigned contracts of AED 269 million (31 December 2024: AED 295 million) for which revenue of AED 177 million was earned during the year (31 December 2024: AED 262 million). These are deemed recoverable based on customer acceptance on ongoing performance obligation.

The average credit period of trade receivables is 60 - 90 days (31 December 2024: 60 - 90 days). No interest is charged on trade and other receivables. The Group has adopted a policy of dealing with only creditworthy counterparties. Adequate credit assessment is made before accepting a new customer.

12(b) The following table shows the movement in the allowance for expected credit loss that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9:

	2025 AED'000	2024 AED'000
At 1 January	32,798	37,941
Charge for the year	14,765	527
Reversal for the year	(5,332)	(4,178)
Written off during the year	569	(1,492)
At 31 December	42,800	32,798

12(c) Movement in allowance for impairment losses on billed amounts due from related parties is as follows:

	2025 AED'000	2024 AED'000
At 1 January	234,294	290,823
Charge during the year	77,687	4,353
Transfer from unbilled provision	-	45,116
Reversal during the year	(88,224)	(96,104)
Written off during the year	(109,758)	(9,894)
At 31 December	113,999	234,294

12(d) Movement in allowance for impairment losses on unbilled amounts due from related parties is as follows:

	2025 AED'000	2024 AED'000
At 1 January	72,835	319,921
Charge during the year	22,214	8,453
Transfer to billed provision	-	(45,116)
Reversal during the year	(12,595)	(14,296)
Written off during the year	(5,838)	(196,127)
At 31 December	76,616	72,835

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

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

13 Advances, prepayments and other current assets

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Prepayments	68,521	68,991
Deposits and advances*	917,961	1,164,776
Other current assets**	194,108	191,961
	1,180,590	1,425,728

* Included in deposits and advances are advances made to suppliers made for the prepayment of inventory for major repair components, which are expected to be utilised within the next 17 months. The Group's policy is to classify prepayments for the purchase of inventory whose utilisation or recovery periods exceeding 12 months as non-financial current assets in the statement of financial position, as these are expected to be realised within the normal operation cycle. The Group's operating cycle is the time between the acquisition of assets for processing and their realisation in the form of cash, which is determined to be 17 months for the maintenance and overhaul operations element of the business. All other operational areas are determined to have an operation cycle of less than 12 months.

**Other current assets disclosed above include restricted cash of AED 45,906 thousand related to cash collateral for performance and advance payment guarantee against customer contracts. For the comparative period (AED 98,649) it included outstanding litigations (Note 33) and cash collateral for performance and advance payment guarantee against customer contracts.

14 (a) Cash and cash equivalents

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Cash on hand	4,192	4,477
Cash in bank	1,063,090	3,097,129
Term deposits (that meet the definition of cash equivalents)	2,119,792	739,770
	3,187,074	3,841,376

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Cash and cash equivalents	3,187,074	3,841,376
Less: Bank overdrafts (Note 20)	(181,350)	(86,424)
Cash and cash equivalents in the consolidated statement of cash flows	3,005,724	3,754,952

Cash and deposits with banks include an amount of AED 3.97 million (31 December 2024: AED 3.53 million) held in foreign banks abroad and the remaining balance is held within the UAE. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group has assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

The interest rates on term deposits range between 0.09% and 4.4% (2024: 0.09% and 5.8%) per annum.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

14 (b) Other financial assets at amortised cost

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Term deposits	194,325	429,989
Structured deposits	429,405	30,029
	623,730	460,018

These investments are not highly liquid and are exposed to significant risk of changes due to early termination costs imposed by the banks and held for investment purposes. They are held at an average interest rate of 3.29% (2024: 5.3%) per annum for the year ended 31 December 2025.

15 (a) Share capital

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
<i>Authorised, issued and fully paid</i>		
1,096,787,200 ordinary shares of AED 1 each	1,096,787	1,096,787

15 (b) Non-controlling interest

The movement for the non-controlling interest ('NCI') are detailed below:

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Net assets of GAL as at beginning of the year/acquisition date	2,533,495	2,210,050
% of NCI	50%	50%
NCI as at beginning of the year/acquisition date	1,266,747	1,105,025
Profit attributable to NCI for the year	205,059	161,722
Dividends paid to NCI	(250,000)	-
NCI as at end of the year	1,221,806	1,266,747

The following table summarises the information relating to the subsidiary that has material non-controlling interest, before any intra-group eliminations.

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Non-controlling interest percentage	50%	50%
Statement of financial position information:		
Non-current assets	60,969	67,091
Current assets	6,503,559	7,169,106
Non-current liabilities	(204,715)	(197,802)
Current liabilities	(3,898,219)	(4,504,900)
Net assets	2,461,594	2,533,495
50% of net assets	1,230,797	1,266,747
Less: Intra-group eliminations	(8,991)	-
Net assets attributable to non-controlling interests	1,221,806	1,266,747

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

15 (b) Non-controlling interest (continued)

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Statement of profit or loss		
Revenue	5,274,333	5,277,893
Profit after tax	<u>428,100</u>	<u>323,444</u>
Total comprehensive income	<u>428,100</u>	<u>323,444</u>
50% of profit	214,050	161,722
Less: Intra-group eliminations	<u>(8,991)</u>	<u>-</u>
Profit allocated to non-controlling interests	<u>205,059</u>	<u>161,722</u>
Statement of cashflow information:		
Cash flows from operating activities	699,751	870,104
Cash used in investing activities	(370,201)	(15,178)
Cash used in financing activities (dividends: AED 575 million)	<u>(583,353)</u>	<u>(5,546)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(253,803)</u>	<u>849,380</u>

16 Share premium

The share premium was created on 1 May 2024 as a result of the business combination, being the difference between the capital structure of the legal acquirer (ADA) and the capital structure of the accounting acquirer (ADQ Aviation Group).

17 Reserves

	Statutory reserve AED'000	Other reserves AED'000	Total AED'000
At 1 January 2024 (unaudited)	311,891	-	311,891
Transfer to statutory reserve	82,415	-	82,415
Foreign currency translation differences	-	(27)	(27)
Transfer to other reserves	-	2,311	2,311
At 31 December 2024	<u>394,306</u>	<u>2,284</u>	<u>396,590</u>
At 1 January 2025	394,306	2,284	396,590
Transfer to statutory reserve	70,561	-	70,561
Foreign currency translation differences	-	4,282	4,282
At 31 December 2025	<u>464,867</u>	<u>6,566</u>	<u>471,433</u>

(a) Translation reserve

Foreign currency translation reserve represents translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's reporting currency.

(b) Statutory reserve

The Articles of Association of the Company require 10% of the annual profit to be transferred to a statutory reserve until such reserve amounts to 50% of the share capital of the Company. In addition, the subsidiaries are required in accordance with the UAE Federal Law No. (32) of 2021 concerning Commercial Companies that, 5% of their profits be transferred to an undistributable statutory reserve until such reserve equals 50% of paid up capital of the subsidiaries. This reserve is not available for distribution.

The Group's statutory reserve represents the Company's statutory reserve computed on the basis disclosed above in addition to the Group's share of statutory reserve of subsidiaries. During the year AED 70.6 million (2024: 82.4 million) has been transferred from retained earnings.

**Notes to the consolidated financial statements
for the year ended 31 December 2025** (continued)

18 Dividends

At the annual general meeting held on 19 March 2025, cash dividends of AED 0.30 per ordinary share (30% of par value), totaling AED 329.04 million for the year ended 31 December 2024 were approved by the shareholders, which were paid on 4 April 2025.

The Board of Directors, in its meeting held on 10 February 2026, proposed a cash dividend of AED 0.30 per ordinary share (30% of par value), totaling AED 329.04 million for the year ended 31 December 2025. The Board will seek shareholder approval for the 2025 cash dividend at the Annual General Assembly Meeting, which will be held later in 2026.

19 Lease liabilities

Lease liabilities

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Current portion	62,261	39,364
Non-current portion	<u>807,207</u>	<u>799,040</u>
	<u>869,468</u>	<u>838,404</u>
At 1 January	838,404	912,921
Acquisition through business combination (Note 1)	-	125,103
Additions/remeasurements during the year	47,274	400,945
Disposals during the year	-	(544,970)
Payments during the year	(51,831)	(88,842)
Interest on lease liabilities (Note 30)	<u>35,621</u>	<u>33,247</u>
At 31 December	<u>869,468</u>	<u>838,404</u>

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The following amounts are recognised in the statement of profit or loss for leases:

	<i>2025 AED'000</i>	<i>2024 AED'000</i>
Expenses related to short-term leases	158,391	75,040
Expenses related to low value leases	5,821	7,140

20 Borrowings

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Bank overdrafts	181,350	86,424
Term loans	<u>941,486</u>	<u>933,661</u>
	<u>1,122,836</u>	<u>1,020,085</u>

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

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Current portion (including overdrafts)	862,072	808,070
Non-current portion	<u>260,764</u>	<u>212,015</u>
	<u>1,122,836</u>	<u>1,020,085</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**
20 Borrowings (continued)

Movement in term loans during the year is as follows:

	2025 AED'000	2024 AED'000
At 1 January	933,661	489,541
Acquisition through business combination (Note 1)	-	451,818
Interest accrued	24,296	21,360
Foreign exchange loss	2,281	50
Drawdowns	451,276	214,030
Interest paid	(22,793)	(18,928)
Repayment of principal portion	(447,235)	(224,210)
At 31 December	941,486	933,661

In 1993, a subsidiary of the Group, received an interest-free loan of AED 504 million from the Government of Abu Dhabi. Under a revised agreement in 1994, the loan is repayable in annual installments of 80% of the subsidiary's profits, starting from 1996. As of 2003, AED 15.5 million had been repaid, with the remaining balance classified as a short-term liability. As at 31 December 2025, the outstanding balance of this loan amounted to AED 489 million (2024: AED 489 million).

Borrowings consist of six facilities and as at 31 December 2025 the Group was in compliance with all applicable covenants for certain bank borrowings. Aircraft, property and equipment with a carrying amount of AED 484 million (2024: AED 386 million) are mortgaged to the lending banks as collateral for these facilities.

Facility 1: AED 285 million term loan

In 2019, ADA had entered into a restructuring arrangement with a local bank to repay all outstanding payments against a loan obtained from another local bank in previous years. The previous loan was repaid from the funds drawn down from this new loan. The new loan is repayable in twenty semi-annual installments starting 31 December 2019. The loan carries interest at three-month EIBOR plus 0.95% per annum. As at 31 December 2025, the outstanding balance of this facility amounted to AED 109 million (2024: AED 137 million).

Facility 2: GBP 29 million loan

In 2021, ADA utilized an existing facility with a foreign bank to finance the purchases of corporate bonds amounting to AED 25.3 million. The loan is repayable on demand. The loan carries interest at three-month LIBOR plus 0.75% per annum. The loan is mortgaged against first charge on the investments in corporate debt securities held with the bank. As at 31 December 2025, the outstanding balance of this facility amounted to AED 10 million (2024: AED 35 million).

Facility 3: AED 200 million term facility

In 2021, ADA entered into an arrangement with a local bank to finance the acquisition of aircraft amounting to AED 200 million out of which the Group has utilized facility amounting to AED 94 million as at 31 December 2025. The loan is repayable in 28 equal quarterly instalments. The facility carries interest at three-month EIBOR plus 1.15% per annum during the first year on the utilized facility amount and three-month EIBOR plus 1% per annum thereafter. As at 31 December 2025, the outstanding balance of this facility amounted to AED 30 million (2024: AED 44 million).

Facility 4: AED 200 million term facility

In 2023, ADA entered into an arrangement with a local bank to finance the acquisition of aircraft amounting to AED 200 million out of which the Group has utilized facility amounting to AED 166.75 million as at 31 December 2025. The loan is repayable in 14 equal semi-annual instalments. The facility carries interest at three-months EIBOR plus 0.95% per annum.

During 2025, there were two drawdowns of 38 million and 23 million each with respect to purchase of two aircrafts. As at 31 December 2025, the outstanding balance of this facility amounted to AED 131 million (2024: AED 87 million).

**Notes to the consolidated financial statements
for the year ended 31 December 2025** (continued)

20 Borrowings (continued)

Facility 5: AED 155 million short-term loan

During 2024, ADA had obtained a facility from a local bank amounting to AED 155 million out of which ADA has utilized facility amounting to AED 50 million as at 31 December 2024. A further draw down of AED 80 million was made during 2025. The new loan is repayable in a bullet payment, six months after the date of the draw down. The loan carries interest at three-month EIBOR plus 0.9 % per annum. As at 31 December 2025, the outstanding balance of this facility amounted to AED 80 million (2024: AED 50 million).

Facility 6: AED 90 million term facility

In 2025, ADA entered into an arrangement with a local bank for cash flow management purposes. The loan is repayable in 6 equal semi-annual instalments. The facility carries interest at three-months EIBOR plus 0.85% per annum. As at 31 December 2025, the outstanding balance of this facility amounted to AED 91 million (2024: nil).

For the comparative period, ADA also had one short term loan amounting to AED 100 million (balance as at 31 December 2024: 91 million) which was repaid during 2025.

21 Trade and other payables

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Trade payables	553,757	221,909
Due to related parties (Note 38)	1,091,594	1,384,604
Accrued expenses*	2,457,902	3,069,071
Customer advances	59,151	90,318
VAT payables, net	6,488	106,036
Other payables	184,790	204,270
	<u>4,353,682</u>	<u>5,076,208</u>

* Included in accrued expenses are contract accruals of AED 1,921 million (2024: 2,776 million) related to the obligations of contract with customers.

21(a) Due to related parties

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Other government related entities	993,703	1,293,222
Other entities under common control	95,192	89,707
ADQ Aviation and Aerospace Services LLC (Parent)	-	1,132
Other related parties	2,699	543
	<u>1,091,594</u>	<u>1,384,604</u>

22 Provision for employees' end of service benefits

The movement in provision for employees' end of service benefits is as follows:

	<i>2025 AED'000</i>	<i>2024 AED'000</i>
At 1 January	472,454	319,510
Acquisition through business combination	-	136,339
Charge for the year	91,540	69,720
Remeasurement loss/(gain)	13,335	(4,978)
Unclaimed liability	-	5,174
Transfer from a related party	56	-
Payments made during the year	(55,263)	(53,311)
At 31 December	<u>522,122</u>	<u>472,454</u>

Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)

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

Charge for the current year represents the following:

	<i>31 December</i> <i>2025</i> <i>AED'000</i>	<i>31 December</i> <i>2024</i> <i>AED'000</i>
Current service costs	85,513	44,207
Interest expense	6,027	25,513
	<u>91,540</u>	<u>69,720</u>

In accordance with the provisions of IAS 19 'Employee benefits', management has carried out an exercise to assess the present value of its obligations at 31 December 2025 and 31 December 2024, using the computed shortcuts to estimate the projected unit credit method obligation, in respect of employees' end of service benefits payable under the UAE Labour Law.

Actuarial valuation of end of service benefits obligation and related impact are set out below:

	<i>31 December</i> <i>2025</i> <i>AED'000</i>	<i>31 December</i> <i>2024</i> <i>AED'000</i>
Discount rate	5%	5.40%
Future salary increases	4.5%	4%
Average retirement age	60	65
Mortality, disability and withdrawal rates	7%	7%

Sensitivity analysis on increase/decrease in discount rate and future salary increases and related impact on end of service benefits obligation is as follows:

	<u>2025</u>		<u>2024</u>	
	<i>Increase</i>	<i>Decrease</i>	<i>Increase</i>	<i>Decrease</i>
	<i>AED'000</i>		<i>AED'000</i>	
Discount rate (50 basis points movement)	3,543	(3,723)	3,681	(3,913)
Future salary increases (50 basis points movement)	1,076	8,182	(3,844)	3,459

The obligation in respect of retirement benefits is recognised in the statement of financial position at the present value of defined benefit at the end of the reporting period, together with adjustments of past service costs.

22 Deferred government grants

	<i>31 December</i> <i>2025</i> <i>AED'000</i>	<i>31 December</i> <i>2024</i> <i>AED'000</i>
At 1 January	47,784	-
Acquisition through business combination (Note 1)	-	51,532
Amortisation during the year	(5,622)	(3,748)
At 31 December	<u>42,162</u>	<u>47,784</u>

Deferred government grants are classified in the consolidated statement of financial position as:

	<i>31 December</i> <i>2025</i> <i>AED'000</i>	<i>31 December</i> <i>2024</i> <i>AED'000</i>
Current portion	5,622	5,622
Non-current portion	36,540	42,162
Total	<u>42,162</u>	<u>47,784</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**
22 Deferred government grants (continued)

During the year, the amortisation income amounting to AED 3.7 million (2024: AED 3.7 million) was recognised in the consolidated statement of profit or loss and other comprehensive income to match the costs for which they are intended to compensate on a systematic basis.

23 Provisions

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Legal provision (Note 33)	-	52,699
Provision for onerous contracts	-	5,142
Other provisions	24,968	22,289
	<u>24,968</u>	<u>80,130</u>

Movement in provisions during the year is as follows:

	<i>Legal AED'000</i>	<i>Onerous contract AED'000</i>	<i>Other provisions AED'000</i>	<i>Total AED'000</i>
At 1 January 2024	107,942	767	-	108,709
Acquisition through business combination (Note 1)	-	3,305	49,924	53,229
Provisions made during the year	-	1,837	18,726	20,563
Provisions reversed during the year	-	(767)	(23,940)	(24,707)
Payments made during the year	(55,243)	-	(22,421)	(77,664)
At 1 January 2025	<u>52,699</u>	<u>5,142</u>	<u>22,289</u>	<u>80,130</u>
Provisions made during the year	-	2,587	18,928	21,515
Provisions reversed during the year	(52,699)	-	(16,249)	(68,948)
Payments made during the year	-	(7,729)	-	(7,729)
At 31 December 2025	<u>-</u>	<u>-</u>	<u>24,968</u>	<u>24,968</u>

24 Revenue from contracts with customers
(i) Revenue streams

The Group generates revenue primarily from the provision of aviation services. Other sources of revenue include training of pilots, rental income from investment properties and other management consultancy services.

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Maintenance services	5,316,691	4,936,593
Professional and technical assistance	1,060,724	1,074,754
Sale of goods and spare parts	489,421	511,420
Passenger service	442,120	307,539
Cargo service	336,922	170,920
Others	172,853	114,449
Revenue from contracts with customers	<u>7,818,731</u>	<u>7,115,675</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

25 Revenue from contracts with customers (continued)

(ii) Timing of revenue recognition

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Revenue recognized – overtime	6,176,533	5,876,822
Revenue recognized – point in time	1,642,198	1,238,853
	<u>7,818,731</u>	<u>7,115,675</u>

(iii) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary service lines. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments as explained in note 35.

(a) Disaggregation of revenue from contracts with customers

<i>31 December 2025</i>	<i>General aviation</i>	<i>Maintenance, repair and overhaul</i>	<i>Investments</i>	<i>Inter segment revenue</i>	<i>Total</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Maintenance services	17,784	5,299,091	-	(184)	5,316,691
Professional and technical assistance	261,828	895,304	-	(96,408)	1,060,724
Sale of goods and spare parts	24,511	469,608	-	(4,698)	489,421
Passenger service	442,120	-	-	-	442,120
Cargo service	336,922	-	-	-	336,922
Others	108,759	45,057	28,015	(8,978)	172,853
	<u>1,191,924</u>	<u>6,709,060</u>	<u>28,015</u>	<u>(110,268)</u>	<u>7,818,731</u>

*This includes accrued revenue from unsigned contracts amounting to AED 177 million (2024: AED 262 million).

31 December 2024

Maintenance services	22,304	5,092,912	-	(178,623)	4,936,593
Professional and technical assistance	101,114	984,253	-	(10,613)	1,074,754
Sale of goods and spare parts	3,087	602,722	-	(94,389)	511,420
Passenger service	398,643	-	-	(91,104)	307,539
Cargo service	178,525	-	-	(7,605)	170,920
Others	57,624	39,884	17,978	(1,037)	114,449
	<u>761,297</u>	<u>6,719,771</u>	<u>17,978</u>	<u>(383,371)</u>	<u>7,115,675</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

25 Revenue from contracts with customers (continued)

(iii) Disaggregation of revenue from contracts with customers

(b) Disaggregation of timing of revenue recognition

	31 December 2025			31 December 2024		
	<i>Point in time AED '000</i>	<i>Over time AED '000</i>	<i>Total AED '000</i>	<i>Point in time AED '000</i>	<i>Over time AED '000</i>	<i>Total AED '000</i>
Maintenance services	150,638	5,166,053	5,316,691	21,399	4,915,194	4,936,593
Professional and technical assistance	165,420	895,304	1,060,724	227,575	847,179	1,074,754
Sale of goods and spare parts	489,421	-	489,421	511,420	-	511,420
Passenger service	442,120	-	442,120	307,539	-	307,539
Cargo service	336,922	-	336,922	170,920	-	170,920
Others	57,677	115,176	172,853	-	114,449	114,449
	<u>1,642,198</u>	<u>6,176,533</u>	<u>7,818,731</u>	<u>1,238,853</u>	<u>5,876,822</u>	<u>7,115,675</u>

(iv) Contract assets and liabilities

The following table provides information about contract assets and contract liabilities from contracts with customers.

	31 December 2025 AED '000	31 December 2024 AED '000
<i>Contract assets</i>		
Unbilled receivables from third-party customers (Note 12)	114,971	47,291
Unbilled receivables from related parties (Note 12)	2,040,565	3,014,430
	<u>2,155,536</u>	<u>3,061,721</u>
<i>Contract liabilities</i>		
Advances received from third party customers	3,143	90,318
Advances received from related parties	849,109	1,151,308
	<u>852,252</u>	<u>1,241,626</u>

The unbilled receivables primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The amount of unbilled receivables during the year ended 31 December 2025 was not impacted materially by an impairment charge. The unbilled receivables are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to the advance consideration received from customers for contracts against which services will be rendered in future. This will be recognised as revenue when the services are rendered to customers.

	2025 AED '000	2024 AED '000
Aggregate amount of the transaction price allocated to long-term project contracts that are partially or fully unsatisfied as at 31 December	5,098,698	7,617,616

Management expects that 100% of the transaction price allocated to the unsatisfied contracts as of 31 December 2025 will be recognised as revenue over the term of the customer contract.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

26 Direct operating costs

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Cost of sales	2,056,052	2,000,844
Staff costs (Note 31)	3,130,634	2,979,429
Operating and maintenance costs	655,353	615,116
Depreciation of aircraft, property and equipment (Note 5)	66,399	48,115
Repair and maintenance costs	23,678	37,163
Depreciation of right of use assets (Note 9)	22,309	17,819
Amortisation and impairment of intangible assets (Note 6)	195	132
Other direct costs	452,353	498,411
	<u>6,406,973</u>	<u>6,197,029</u>

27 General and administrative expenses

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Staff costs (Note 31)	346,602	292,389
Legal and professional charges	46,499	31,272
IT maintenance and support services	45,517	38,930
Board remuneration	31,507	6,583
Depreciation of aircraft, property and equipment (Note 5)	25,793	19,202
Allowance for stock obsolescence	21,562	19,249
Office rent	21,274	31,053
Maintenance expenses	19,868	16,208
Depreciation of right of use assets (Note 9)	15,456	11,829
Conference and event expenses	11,692	2,717
Bank charges	10,517	7,708
Communication expenses	10,279	9,146
Amortisation and impairment of intangible assets (Note 6)	9,316	2,485
Utilities	5,437	6,341
Other expenses	68,870	34,711
	<u>690,189</u>	<u>529,823</u>

* Legal and professional fee includes audit fee incurred for the year of AED 2.5 million (2024: 2 million)

28 Other income

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Change in fair value of investment property	83,189	3,352
Reversal of prior year accruals	13,374	31,692
Dividend income	9,898	4,058
Gain on disposal of aircraft, property and equipment	9,799	3,848
Insurance claim, bonus and rebate	3,459	9,632
NAFIS incentive income	3,201	3,407
Shared services income	2,609	9,894
Gain/(loss) on termination of lease	-	22,221
Foreign exchange (loss)/gain	(2,236)	1,164
Other income	37,317	26,612
	<u>160,610</u>	<u>115,880</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**
29 Finance income

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Interest income on bank accounts	15,286	45,072
Interest income on term deposits	90,416	32,411
Interest income on other financial assets at amortised cost	16,846	7,680
Interest income on bonds	32,203	8,152
	<u>154,751</u>	<u>93,315</u>

30 Finance costs

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Interest on borrowings	27,989	18,928
Interest on lease liabilities	35,621	33,247
Interest on bank overdraft	4,188	2,934
	<u>67,798</u>	<u>55,109</u>

31 Staff costs

	<i>31 December AED'000</i>	<i>31 December AED'000</i>
Salaries and wages	2,364,898	2,299,435
Defined contribution plan expense	83,598	84,287
Provision for employees' end of service benefits	91,540	69,720
Other benefits	937,200	818,376
	<u>3,477,236</u>	<u>3,271,818</u>

Staff costs are allocated as follows:

Direct operating cost (Note 26)	3,130,634	2,979,429
General and administrative cost (Note 27)	346,602	292,389
	<u>3,477,236</u>	<u>3,271,818</u>

32 Basic and diluted earnings per share

	<i>For the year ended 31 December 2025</i>	<i>2024</i>
Profit attributable to Owners of the Company (AED'000)	<u>861,374</u>	<u>1,130,233</u>
Weighted average number of shares in issue ('000)	<u>1,096,787</u>	<u>949,740</u>
Earnings per share (AED)	<u>0.785</u>	<u>1.190</u>

Earnings per share amounts are calculated by dividing the profit for the year attributable to shareholders of the Company by the weighted average number of shares outstanding during the year.

The Group does not have potentially dilutive shares and accordingly, diluted earnings per share is equal to basic earnings per share.

**Notes to the consolidated financial statements
for the year ended 31 December 2025** (continued)**33 Contingent liabilities**

As at 31 December 2025, the Group had contingent liabilities in respect of letters of guarantee amounting to AED 6,381 million (31 December 2024: AED 6,547 million) and letters of credit amounting to AED 1.8 million (31 December 2024: AED 5.9 million)

The amount of AED 52.7 million previously ring-fenced towards the settlement of the execution order issued by the Abu Dhabi Courts in respect to a legal case against one of the Group's subsidiaries has been deducted by the Courts. Accordingly, the legal provision made has been utilized.

34 Commitments*(i) Capital commitments*

As at 31 December 2025, the Group had estimated capital commitments for the acquisition of aircraft, property and equipment of AED 113 million (31 December 2024: 318 million).

(ii) Other commitments

As at 31 December 2025, the Group had commitments issued in the normal course of business of AED 1,193 million (31 December 2024: AED 1,008 million).

35 Segment information

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. For operating purposes, the Group is organised into three major reporting segments:

- i. General aviation segment encompasses helicopter and fixed-wing operations, aircraft leasing, charter flights, commercial aircraft operations, aircraft management services, simulator training, the sale of aircraft parts, and air cargo operations;
- ii. Maintenance, repair and overhauls (MRO) segment provides routine inspections, repairs, overhauls, and modifications, among other similar services;
- iii. Investments, which involves the management of the Group's investment portfolio.

The Group's real estate, training and consulting business segments are not reportable operating segments, and accordingly the results of these operations are included in 'all other segments'. These segments are the basis on which the Group reports its primary segment information. Transactions between segments are conducted at rates determined by management taking into consideration the cost of funds.

**Notes to the consolidated financial statements
for the year ended 31 December 2025** (continued)

35 Segment information (continued)

Information regarding these segments is presented below:

	<i>General Aviation AED'000</i>	<i>Maintenance, Repair and Overhauls AED'000</i>	<i>Investments AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
31 December 2025					
Revenue (Note 25)	<u>1,191,924</u>	<u>6,709,060</u>	<u>28,015</u>	<u>(110,268)</u>	<u>7,818,731</u>
Profit for the year	<u>179,375</u>	<u>740,655</u>	<u>146,403</u>	<u>-</u>	<u>1,066,433</u>
31 December 2024					
Revenue (Note 25)	<u>745,969</u>	<u>6,422,226</u>	<u>17,978</u>	<u>(70,498)</u>	<u>7,115,675</u>
Bargain purchase	<u>-</u>	<u>-</u>	<u>596,841</u>	<u>-</u>	<u>596,841</u>
Profit for the year	<u>149,700</u>	<u>477,854</u>	<u>664,401</u>	<u>-</u>	<u>1,291,955</u>
31 December 2025					
Assets	<u>2,789,255</u>	<u>10,865,231</u>	<u>2,534,674</u>	<u>(111,384)</u>	<u>16,077,776</u>
Liabilities	<u>1,264,721</u>	<u>5,834,339</u>	<u>50,307</u>	<u>(111,384)</u>	<u>7,037,983</u>
31 December 2024					
Assets	<u>3,860,742</u>	<u>11,524,695</u>	<u>997,403</u>	<u>(215,489)</u>	<u>16,167,351</u>
Liabilities	<u>1,095,546</u>	<u>6,621,124</u>	<u>84,243</u>	<u>(195,011)</u>	<u>7,605,902</u>

The Group operates primarily from its base in the United Arab Emirates and accordingly no further geographical analysis of revenues, profit, fair value gains, assets and liabilities is given.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**
36 Related parties

Related parties, as defined in International Accounting Standard 24: Related Party Disclosures include associate companies, major shareholders, directors and other key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. The Group, in the ordinary course of business, enters into transactions with other business enterprises or individuals that fall within the definition of related parties contained in International Accounting Standard 24. The Group has a related party relationship with the Government of Abu Dhabi, directors and executive officers (including business entities over which they can exercise significant influence, or which can exercise significant influence over the Group).

The Group has elected to use the exemption under IAS 24 'Related Party Disclosures' for Government related entities on disclosing transactions and related outstanding balances with government related parties owned by the Government of Abu Dhabi and entities it owns and controls. The Group provides services in the normal course of business to entities owned and controlled by the Government of Abu Dhabi. Management approves prices and terms of payment for these transactions, and these are carried out at mutually agreed rates.

Balances with related parties at the end of the reporting period comprise:

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
<i>Due from related parties</i>		
Entities under common control (Note 12 (a))	<u>3,665,783</u>	<u>4,589,545</u>
<i>Due to related parties (Note 21)</i>	<u>1,091,594</u>	<u>1,384,604</u>
<i>Borrowings</i>		
Other related parties (Note 20)	<u>489,541</u>	<u>489,541</u>

Significant transactions with related parties during the year were as follows:

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Revenue	<u>6,248,478</u>	<u>6,093,763</u>
Key management compensation	<u>40,363</u>	<u>43,085</u>
Directors' remuneration	<u>31,507</u>	<u>16,083</u>
Provisions for employees' end of service benefits	<u>1,412</u>	<u>2,489</u>

37 Granted plots of land
Future economic benefit established

In prior years, the Government of Abu Dhabi granted the Company two plots of land located in Khalifa City, Abu Dhabi.

The granted plots of land located in Khalifa City, Abu Dhabi had been used for the purpose of operating a training center and accordingly, recorded as aircraft, property and equipment (Note 5) at a nominal value of AED 1.

Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)

38 Financial instruments – fair value and risk management

(a) Fair value measurement

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2025, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2025	Carrying amounts				Fair value hierarchy			
	FVTPL – equity instruments AED’000	FVTPL – debt instruments AED’000	Measured at amortised cost AED’000	Total AED’000	Level 1 AED’000	Level 2 AED’000	Level 3 AED’000	Total AED’000
Investment in Waha CEEMEA Fixed Income Fund SP	38,860	-	-	38,860	-	38,860	-	38,860
Investments in short term maturity bonds	-	1,677	-	1,677	1,677	-	-	1,677
Investments in corp bonds – UK	-	35,724	-	35,724	35,724	-	-	35,724
Investments in corp bonds - US	-	618	-	618	618	-	-	618
Investment in high yield and emerging market bonds	-	5,715	-	5,715	5,715	-	-	5,715
Investment in multi-class assets	-	2,949	-	2,949	2,949	-	-	2,949
Investment in developed government bonds	-	8,336	-	8,336	8,336	-	-	8,336
Investments in corporate bonds – European (EX-UK)	-	4,695	-	4,695	4,695	-	-	4,695
Investment in equities - US	441	-	-	441	441	-	-	441
Investment in equities – UAE	273,646	-	-	273,646	273,646	-	-	273,646
Developed Market Equities – US	12,473	-	-	12,473	12,473	-	-	12,473
Emerging market - Asia	1,840	-	-	1,840	1,840	-	-	1,840
Alternatives – Commodities	-	1,327	-	1,327	1,327	-	-	1,327
Alternative trading strategies	-	648	-	648	648	-	-	648
Investment in bonds - UAE	-	1,057,184	-	1,057,184	1,057,184	-	-	1,057,184
	327,260	1,118,873	-	1,446,133	1,407,273	38,860	-	1,446,133

Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)

38 Financial instruments – fair value and risk management (continued)

(a) Fair value measurement (continued)

31 December 2024	Carrying amounts				Fair value hierarchy			
	<i>FVTPL – equity instruments AED'000</i>	<i>FVTPL – debt instruments AED'000</i>	<i>Measured at amortised cost AED'000</i>	<i>Total AED'000</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
Investment in Waha CEEMEA Fixed Income Fund SP	34,423	-	-	34,423	-	34,423	-	34,423
Investments in short term maturity bonds	-	6,586	-	6,586	6,586	-	-	6,586
Investments in corp bonds – UK	-	36,369	-	36,369	36,369	-	-	36,369
Investments in corp bonds - US	-	4,666	-	4,666	4,666	-	-	4,666
Investment in high yield and emerging market bonds	-	17,200	-	17,200	17,200	-	-	17,200
Investment in multi-class assets	-	2,642	-	2,642	2,642	-	-	2,642
Investment in developed government bonds	-	5,178	-	5,178	5,178	-	-	5,178
Investments in corporate bonds – European (EX-UK)	-	4,243	-	4,243	4,243	-	-	4,243
Investment in equities - US	302	-	-	302	302	-	-	302
Investment in equities – UAE	256,411	-	-	256,411	256,411	-	-	256,411
Developed Market Equities – US	12,633	-	-	12,633	12,633	-	-	12,633
Emerging market - Asia	1,519	-	-	1,519	1,519	-	-	1,519
Alternatives – Commodities	-	590	-	590	590	-	-	590
Alternative trading strategies	-	562	-	562	562	-	-	562
Investment in bonds - UAE	-	181,484	-	181,484	181,484	-	-	181,484
	<u>305,288</u>	<u>259,520</u>	<u>-</u>	<u>564,808</u>	<u>530,385</u>	<u>34,423</u>	<u>-</u>	<u>564,808</u>

Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)

38 Financial instruments – fair value and risk management (continued)

(a) Fair value measurement (continued)

31 December 2025

	<i>Carrying amounts</i>			
	<i>FVTPL – equity instruments AED'000</i>	<i>FVTPL – debt instruments AED'000</i>	<i>Measured at amortized cost AED'000</i>	<i>Total AED'000</i>
Financial assets not measured at fair value				
Trade receivables	-	-	351,197	351,197
Unbilled receivables	-	-	114,971	114,971
Other receivables	-	-	99,774	99,774
Cash and cash equivalents (excluding cash on hand)	-	-	3,182,882	3,182,882
Other financial assets at amortised cost	-	-	623,730	623,730
Due from related parties	-	-	3,665,783	3,665,783
	<u>-</u>	<u>-</u>	<u>8,038,337</u>	<u>8,038,337</u>
Financial liabilities not measured at fair value				
Trade payables	-	-	553,757	553,757
Borrowings	-	-	1,122,836	1,122,836
Lease liabilities	-	-	869,468	869,468
Accrued expenses	-	-	2,457,902	2,457,902
VAT payables	-	-	6,488	6,488
Other payables	-	-	184,790	184,790
Due to related parties	-	-	1,091,594	1,091,594
	<u>-</u>	<u>-</u>	<u>6,286,835</u>	<u>6,286,835</u>

Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)

38 Financial instruments – fair value and risk management (continued)

(a) Fair value measurement (continued)

31 December 2024

	<i>Carrying amounts</i>			
	<i>FVTPL – equity instruments AED'000</i>	<i>FVTPL – debt instruments AED'000</i>	<i>Measured at amortized cost AED'000</i>	<i>Total AED'000</i>
Financial assets not measured at fair value				
Trade receivables	-	-	396,815	396,815
Unbilled receivables	-	-	47,291	47,291
Other receivables	-	-	69,648	69,648
Cash and cash equivalents (excluding cash on hand)	-	-	3,836,899	3,836,899
Other financial assets at amortised costs	-	-	460,018	460,018
Due from related parties	-	-	4,589,545	4,589,545
	<u>-</u>	<u>-</u>	<u>9,400,216</u>	<u>9,400,216</u>
Financial liabilities not measured at fair value				
Trade payables	-	-	221,909	221,909
Borrowings	-	-	1,020,085	1,020,085
Lease liabilities	-	-	838,404	838,404
Accrued expenses	-	-	3,069,071	3,069,071
VAT payables	-	-	106,036	106,036
Other payables	-	-	204,270	204,270
Due to related parties	-	-	1,384,604	1,384,604
	<u>-</u>	<u>-</u>	<u>6,844,379</u>	<u>6,844,379</u>

Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)

38 Financial instruments – fair value and risk management (continued)

(b) Financial risk management

The Group Board of Directors oversees the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures. The Group Audit Committee is assisted in its oversight role by internal audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(i) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of financial instruments.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group's exposure to the currency risk is principally from the Group's transactions in Pound sterling ("GBP") and Euro ("EUR"), as AED is currently pegged to USD at a fixed rate of exchange.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	<i>Assets</i>		<i>Liabilities</i>	
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Pound sterling	132,618	21,270	42,247	15,904
Euro	330,178	632	305,184	139,995
	462,796	21,902	347,431	155,899

The following paragraph details the Group's sensitivity to a 5 per cent increase and decrease in currency units against Pound Sterling. 5% per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% per cent change in foreign currency rates.

At 31 December 2025, if GBP and EUR had weakened/strengthened by 5% against the AED with all other variables held constant, comprehensive income for the year would have been AED 5.77 million (2024: AED 6.69 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of GBP and EUR denominated cash and cash equivalent.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**

38 Financial instruments – fair value and risk management (continued)

(b) Financial risk management (continued)

(i) Market risk (continued)

Equity price risk

The Group is exposed to equity price risks arising from equity investments. The Group monitors the risk of change in equity prices by sensitivity analysis taking 15% change due to the volatile nature of the market in which the securities are listed.

The Group is exposed to equity price risks arising from equity investments. The Group monitors the risk of change in equity prices by sensitivity analysis taking 15% change due to the volatile nature of the market in which the securities are listed. The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If equity prices had been 15% higher/lower, the Group's comprehensive income would increase/decrease as follows:

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Investment in financial assets	<u>49,089</u>	<u>45,793</u>

Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. Interest rate risk primarily arises from the possibility that changes in interest rates will affect the net finance cost of the Group. The Group is exposed to fair value interest rate risk on bank borrowings at variable interest rates.

If interest rates had been 50 basis points higher/lower throughout the year and all other variables were held constant, the Group's net profit and equity for the year ended 31 December 2025 would decrease/increase by approximately AED 514 million (2024: AED 2.6 million). The Group's sensitivity to interest rates has increased in line with the increase in interest bearing debt instruments.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, bank balances and corporate debt securities.

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above.

The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**
38 Financial instruments – fair value and risk management (continued)
(b) Financial risk management (continued)
(ii) Credit risk (continued)

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the Central Bank.

Trade receivables from government related entities in the UAE is AED 3,739 million (2024: AED 4,207 million) which represents 89% (2024: 83%) respectively, of the total trade and other receivables at the end of reporting period.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks. The Group's maximum exposure in this respect is the maximum amount the Group could have to pay if the guarantee is called on.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2025, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The tables below detail the ageing, credit quality of the Group's financial assets, contract assets and financial guarantee contracts, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

Ageing of trade receivables and due from related parties

	2025			
	AED'000 Gross	ECL rate	AED'000 Loss allowance	AED'000 Net
Not past due	1,450,155	2%	(32,378)	1,417,777
Due for 31 to 90 days	1,075,559	1%	(8,453)	1,067,106
Due for 91 to 180 days	570,934	2%	(13,732)	557,202
Due for more than 180 days	1,110,947	16%	(178,852)	932,095
	<u>4,207,595</u>	<u>6%</u>	<u>(233,415)</u>	<u>3,974,180</u>
	2024			
	AED'000 Gross	ECL rate	AED'000 Loss allowance	AED'000 Net
Not past due	1,520,221	0%	-	1,520,221
Due for 31 to 90 days	1,294,258	0%	-	1,294,258
Due for 91 to 180 days	1,058,561	0%	-	1,058,561
Due for more than 180 days	1,420,449	24%	(339,927)	1,080,522
	<u>5,293,489</u>	<u>6%</u>	<u>(339,927)</u>	<u>4,953,562</u>

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

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**
38 Financial instruments – fair value and risk management (continued)
(b) Financial risk management (continued)
(ii) Credit risk (continued)

- (i) For trade receivables, unbilled receivables and other receivables, the Group has used simplified approach in IFRS 9 to measure loss allowance at lifetime ECL. The Group determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the customers, adjusted as appropriate to reflect current market conditions and estimates of future economic conditions. As part of individual assessment, the Group has estimated expected credit losses by reference to past default experience with the customer, an analysis of the customer's current financial position, adjusted for the factors that are specific to the customer, general economic and political conditions applicable to customer along with correspondences and future outlook as at reporting date. The Group has recognised loss allowance of 6% (2024: 6%) against all receivables after individually assessing some customers based on their individual credit risk.
- (ii) For government receivables, the Group has used simplified approach in IFRS 9 to measure loss allowance at lifetime ECL. The Group determines the expected credit losses at the rate of 0.15% (2024: 0.15%) based on probability of default and loss given default of the Government of Abu Dhabi as these parties are secured by the Government of Abu Dhabi. These balances are represented of the recent transaction, therefore, the Group has not identified material impact of loss allowance on due from related party balances.
- (iii) The following table presents the credit risk for the Group's bank balances:

Cash at bank:

External credit rating

	Aa3	Aa3
	31 December	31 December
	2025	2024
	AED'000	AED'000
Gross carrying amount	3,182,882	3,836,899
Loss allowance	-	-
	<u>3,182,882</u>	<u>3,836,899</u>

As at 31 December 2025, maximum exposure to credit risk was as follows:

	31 December	31 December
	2025	2024
	AED'000	AED'000
Trade and other receivables (Note 12)	4,188,925	5,070,501
Cash and cash equivalents (Note 14(a))	3,187,074	3,841,376
Other financial assets at amortised costs (Note 14(b))	623,730	460,018
Other current assets (excluding supplier advances and prepayments) (Note 13)	194,108	82,113
	<u>8,193,837</u>	<u>9,454,008</u>

The carrying amount of the Group's financial assets at FVTPL as disclosed in Note 8 best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**
38 Financial instruments – fair value and risk management (continued)
(b) Financial risk management (continued)
(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and funds, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities as disclosed in the consolidated statement of financial position.

The table below summarises the maturity profile of the Group's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the end of reporting period to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The maturity profile of the liabilities at the end of reporting period based on contractual repayment arrangements was as follows:

Financial liabilities	Less than 1 year AED'000	1 year to 5 years AED'000	More than 5 years AED'000	Total AED'000	Carrying amount AED'000
31 December 2025					
Borrowings (Note 20)	862,072	260,764	-	1,122,836	1,122,836
Lease liabilities (Note 19)	62,261	34,863	772,344	869,468	869,468
Trade and other payables (Note 21)*	4,288,043	-	-	4,288,043	4,288,043
Total	5,212,376	295,627	772,344	6,280,347	6,280,347
31 December 2024					
Borrowings (Note 20)	808,070	212,015	-	1,020,085	1,020,085
Lease liabilities (Note 19)	39,364	128,559	670,481	838,404	838,404
Trade and other payables (Note 21)*	4,830,940	-	-	4,830,940	4,830,940
Total	5,678,374	340,574	670,481	6,689,429	6,689,429

* Trade and other payables excludes customer advances and VAT payables.

c) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the term loans, cash and bank balances and equity comprising share capital, reserves and retained earnings.

The Group is not subject to any externally imposed capital requirements.

Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)

38 Financial instruments – fair value and risk management (continued)

c) Capital risk management (continued)

The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The gearing ratio, determined as net debt to equity, at the year-end was as follows:

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Bank overdrafts (Note 20)	(181,350)	(86,424)
Debt (excluding overdrafts) (Note 20)	(941,486)	(933,661)
Lease liabilities (Note 19)	(869,468)	(838,404)
Cash and cash equivalents (Note 14(a))	3,187,074	3,841,376
Other financial assets at amortised costs (Note 14(b))	623,730	460,018
Net debt	1,818,500	2,442,905
Equity (ii)	9,039,793	8,561,449
Net debt to equity ratio	20%	29%

- (i) Debt is defined as long- and short-term loans and overdraft (Note 20).
(ii) Equity includes all capital and reserves of the equity owners of the Company.

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**
39 Reconciliation of movements of liabilities to cash flows arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes:

	Term loans AED'000	Lease liabilities AED'000	Total AED'000
At 1 January 2025	933,661	838,404	1,772,065
Changes from financing activity cash flows			
Proceeds from borrowings (Note 20)	451,276	-	451,276
Repayment of borrowings (Note 20)	(447,235)	-	(447,235)
Finance cost paid (Note 20)	(22,793)	-	(22,793)
Interest paid on lease liabilities (Note 19)	-	(28,183)	(28,183)
Principal elements of lease liabilities (Note 19)	-	(23,648)	(23,648)
Total changes from financing activity cash flows	(18,752)	(51,831)	(70,583)
Non-cash changes:			
Interest on borrowings (Note 20)	26,577	-	26,577
Interest on lease liabilities (Note 19)	-	35,621	35,621
Additions to the lease liabilities (Note 19)	-	14,786	14,786
Lease remeasurement during the year (Note 19)	-	32,488	32,488
	<u>26,577</u>	<u>82,895</u>	<u>109,472</u>
At 31 December 2025	<u>941,486</u>	<u>869,468</u>	<u>1,810,954</u>
At 1 January 2024	489,541	912,921	1,402,462
Changes from financing activity cash flows:			
Proceeds from borrowings (Note 20)	214,030	-	214,030
Repayment of borrowings (Note 20)	(224,210)	-	(224,210)
Finance cost paid (Note 20)	(18,928)	-	(18,928)
Interest paid on lease liabilities (Note 19)	-	(33,247)	(33,247)
Principal elements of lease liabilities (Note 19)	-	(55,595)	(55,595)
Total changes from financing activity cash flows	(29,108)	(88,842)	(117,950)
Non-cash changes:			
Acquisition through business combination (Note 1)	451,818	125,103	576,921
Interest on borrowings (Note 20)	21,410	-	21,410
Interest on lease liabilities (Note 19)	-	33,247	33,247
Additions to the lease liabilities (Note 19)	-	400,945	400,945
Lease termination during the year (Note 19)	-	(544,970)	(544,970)
	<u>473,228</u>	<u>14,325</u>	<u>487,553</u>
At 31 December 2024	<u>933,661</u>	<u>838,404</u>	<u>1,772,065</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)**
40 Income taxes

The Group's result incorporates the UAE Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ("Law"). The Law stipulates an effective tax rate of 9% on taxable profits above AED 375,000 and is calculated on the Group's outlook of the Law.

The income tax expense recognised in the consolidated statement of profit or loss for the year ended 31 December 2025 is as follows:

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Movement in current tax liabilities	92,767	58,659
Movement in deferred tax liabilities	7,522	3,490
Movement in deferred tax assets	(2,473)	(690)
Income tax expense	<u>97,816</u>	<u>61,459</u>

During the submission of corporate tax returns for the year ended 31 December 2024 in September 2025, the Group revised its estimate of income tax liability for then ended based on new information that became available during the period; and consequently an additional income tax expense of AED 0.9 million was recognised. This has been accounted for as a change in accounting estimate in accordance with IAS 8.

Deferred taxes analysed by type of temporary difference:

Differences between IFRS accounting standards and statutory taxation regulations in UAE give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax basis.

The reconciliation of the statutory tax rate to the effective tax rate is presented below:

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Accounting profit before tax	<u>1,164,249</u>	<u>1,353,414</u>
Tax at statutory rate (9%)	104,782	121,807
Tax impact of non-taxable income	-	(53,716)
Tax impact of exempt income	(11,484)	(7,462)
Other adjustments	4,518	830
Total	<u>97,816</u>	<u>61,459</u>
Overall Effective Tax Rate (ETR)	8.40%	4.54%

The income tax amounts recognized in the consolidated statement of financial position are as follows:

	<i>2025 AED'000</i>	<i>2024 AED'000</i>
<i>Income tax provision</i>		
At 1 January	67,347	-
Acquisition through business combination (Note 1)	-	8,688
Prior year adjustments	2,070	-
Recognized during the year	92,767	58,659
Tax paid during the year	(68,204)	-
At 31 December	<u>93,980</u>	<u>67,347</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2025** (continued)

40 Income taxes (continued)

	2025 AED'000	2024 AED'000
<i>Deferred tax liabilities</i>		
At 1 January	3,490	-
Acquisition through business combination (Note 1)	-	-
Prior year adjustments	(1,737)	-
Recognized during the year	7,012	3,490
At 31 December	8,765	3,490
<i>Deferred tax assets</i>		
At 1 January	690	-
Acquisition through business combination (Note 1)	-	-
Prior year adjustments	1,474	-
Recognized during the year	999	690
At 31 December	3,163	690

Pillar Two Global Minimum Tax Law

In alignment with OECD's Pillar Two Global Anti-Base Erosion (GloBE) rules, the UAE Ministry of Finance (MoF) introduced a Domestic Minimum Top-Up Tax of 15% for Multinational Enterprises (MNEs) with effect from financial years starting on or after 1st January 2025.

The Group is within the scope of the Pillar II global minimum tax framework. Based on assessment conducted, the Group qualifies for transitional safe harbour relief for the year ended 31 December 2025, and therefore no Domestic Minimum Top up Tax (DMTT) is payable.

41 Reclassification of prior year balances

Certain comparative figures have been reclassified, wherever necessary, as to conform with the presentation adopted in the current year. These reclassifications relate solely to presentation and have no impact on the Group's profit, total comprehensive income, equity or cash flows

42 Approval of consolidated financial statements

The consolidated financial statements were approved by management and authorised for issue by the Board of Directors on 10 February 2026.