

Abu Dhabi National Hotels Company PJSC

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

Abu Dhabi National Hotels Company PJSC

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

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Dear Colleagues and Esteemed Shareholders

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

In 2025, the world economies achieved a growth rate of approximately 3% combined, accompanied by beneficial decline in inflation and interest rates, this growth has been achieved in spite of the unstable economic and geopolitical conditions faced by several regions across the globe.

The UAE economy has achieved remarkable growth in the range of 4.5% for the year driven by the strong performance of several non-oil sectors, which includes real estate and tourism, construction, manufacturing and other sectors, while oil sector activities continued to support the overall expansion.

Abu Dhabi National Hotels had an exceptional performance for the year following the group's acquisition of Compass's share in the catering business in UAE and subsequently floating 40% thereof in a successful initial public offering on Abu Dhabi Stock Exchange, additionally hotel segment has contributed to the aforesaid performance. Total revenue increased by 21% from AED 2,888 million in 2024 to AED 3,486 million in 2025. The group's normalized EBITDA increased by 24% to reach AED 1,030 million as compared to AED 830 million in 2024. The normalized net profit stood at AED 568 million, reflecting a 57% increase. Reported net profit for the year stood at AED 1,146 million.

The hotels sector achieved a notable performance for the year supported by global tourism demand, events, exhibitions and other attractions. The hotel sector recorded revenue rise of AED 165 million rising from AED 1,403 million in 2024 to AED 1,568 million in 2025, with EBITDA of AED 713 million increased by AED 107 million and 18% increase. The sector's net profit before tax reached AED 451 million reflecting increase of 44%.

Catering business recorded revenues of AED 1,743 million in 2025 rising from AED 1,259 million in 2024, which reflected nine months of operations following the aforesaid acquisition. EBITDA reached AED 254 million with an increase of AED 79 million representing 45%. The EBITDA margin improved from 14% in 2024 to 15% in 2025. The sector's net profit before tax rose to AED 192 million with an increase of AED 67 million reflecting an increase of 54%.

Transport sector (represented by Al Ghazal Transport Co.) recorded total revenue of AED 261 million, which represents a decline of AED 43 million due to scale down of franchise taxi operations. The segment EBITDA for 2025 amounted to AED 105 million with a decrease by AED 3 million. The segment net profit before tax decreased by AED 4 million from a profit of AED 34 million in 2024 to AED 30 million in 2025.

During the year 2025, the group recognized a recovery of impairment of AED 578 million related to certain hotel properties where impairments had been recorded in prior years.



Outlook

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

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

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

Return to Shareholders

During the year, the shareholders' equity increased by AED 944 million contributed by net profit of AED 1,146 million and land revaluation surplus.

After reviewing the dividend policy and cash flows of the group's business units and ensuring that the group fulfills its obligations related to debt services and the interests of their shareholders, the Board of Directors submit a recommendation to the General Assembly for a cash dividend distribution of AED 378 million which represents 30% of the Share Capital and 33% of the net profit for the year 2025.

Appreciation

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

Thank you all.

Khalaf Sultan Rashed Saeed Al Dhaheri
Chairman of the Board of Directors



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

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Abu Dhabi National Hotels PJSC (the "Company") and its subsidiaries (together the "Group") as at 31 December 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). 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.

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

Basis for opinion

Independence

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

Our audit approach

- Overview

Key audit matters	<ul style="list-style-type: none">• Revaluation of plots of land
	<ul style="list-style-type: none">• Impairment assessment of properties (excluding land)
	<ul style="list-style-type: none">• Impairment assessment of Intangible assets (including goodwill)

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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Our audit approach (continued)

Key audit matters (continued)

Key audit matters

Revaluation of plots of land

In the consolidated financial statements, as of 31 December 2025, the revalued plots of land are carried at AED 6.69 billion (31 December 2024: AED 6.34 billion) which represents 46% of the total assets and the asset revaluation reserve balance is carried at AED 5.77 billion (31 December 2024: AED 5.42 billion).

The Group's policy is to measure the land at a revalued amount (fair value). Valuations are performed periodically to ensure that the fair value of the revalued assets does not differ materially from its carrying amount.

Refer to note 2.7 which explains the accounting policy, note 4.2 which explains the critical assumptions used in the revaluation of the plots of land and note 5 which explains the valuation methodology used by the Group.

How our audit addressed the key audit matter

We performed the following audit procedures over the revaluation of plots of land.

1. Obtained the valuation reports for a sample of plots of land and evaluated the reasonableness of the valuation method used by the Group to calculate the revalued amounts;
2. Assessed the external valuers qualifications and expertise and read their terms of engagement with the Group to determine if the scope of their work was sufficient for audit purposes;
3. Agreed the fair value amounts included in the external valuation reports of the external valuers to the amounts reported in the consolidated statement of financial position;
4. Carried out testing procedures, on a sample basis, to satisfy ourselves of the accuracy of the land related information supplied to the external Valuers;
5. Reviewed a sample of plots of land valued by external valuers, and also involved our internal valuation experts to review and assess the appropriateness of the valuation methodology and other assumptions used in the valuation workings; and
6. Assessed the adequacy of disclosures in line with the requirements of the IFRS Accounting Standards.

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

Our audit approach (continued)

Key audit matters (continued)

Key audit matters

Impairment assessment of properties (excluding land):

The Group has AED 3.61 billion (31 December 2024: AED 3.11 billion) of properties classified within 'Property and Equipment' in the consolidated statement of financial position which represents 15% of total assets.

The Group undertakes a review of impairment (reversal) indicators and, wherever indicators exists, performs an impairment assessment by determining if the recoverable amount, exceeds or is equal to its carrying amount.

The valuation workings used to assess the carrying value of the properties are based on a number of significant estimates and assumptions including discount rates and exit yields etc.

In the event that the recoverable amount of a property is lower than its carrying amount, the Group recognises an impairment loss in its consolidated statement of profit or loss. Similarly, if the recoverable amount is higher than the carrying amount, the Group reverses any previously recognized impairment, to the extent that carrying value does not exceed the carrying amount that would have been recognised had no impairment been recorded.

As of 31 December 2025, the Group performed an impairment assessment. As a result, the Group recognized reversal of impairment charge of AED 577 million in the consolidated statement of profit or loss.

The impairment assessment of the properties is considered a Key Audit Matter since it is inherently subjective and requires the use of significant estimates and assumptions.

Refer to note 2.25 which explains the accounting policy, note 4.2 which explains the significant estimates and assumptions used and note 5 which explains the valuation methodology used by the Group.

How our audit addressed the key audit matter

We performed the following audit procedures over the impairment assessment of the properties:

1. Obtained the valuation workings supporting the impairment assessment prepared by the Group;
2. On a sample basis, reviewed the key estimates and assumptions used by the Group in determining the recoverable amounts of the properties;
3. Involved our internal valuation experts, who assisted us in reviewing and assessing the reasonableness of the valuation methodology and other assumptions used in the valuation workings;
4. Assessed the sensitivity analysis performed by the Group over the significant estimates and assumptions used to evaluate the extent of the impact of changes in the significant estimates on the conclusion reached by the Group; and
5. Assessed the adequacy of disclosures in the consolidated financial statements relating to this matter with reference to IFRS Accounting Standards.

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

Our audit approach (continued)

Key audit matters (continued)

Key audit matters

Impairment assessment of intangible assets (including goodwill):

The Group has AED 1.12 billion (31 December 2024: AED 1.13 billion) of intangible assets in the consolidated statement of financial position representing 8% of Group's total assets. This includes AED 353 million (31 December 2024: AED 347 million) of goodwill and AED 773 million (31 December 2024: AED 787 million) of intangible assets with definite useful life.

Except for the impairment test of the goodwill which is required at least annually, the Group undertakes a review of impairment indicators and, wherever indicators exist, performs an impairment assessment of the intangible assets by determining if the recoverable amount, exceeds or is equal to their carrying amounts.

The valuation workings used to assess the carrying value of the intangible assets (including goodwill) are based on a number of significant estimates and assumptions including discount rates, terminal growth rates and future cash flows forecasts etc.

In the event that the recoverable amount of the intangible assets (including goodwill) is lower than their carrying amounts, the Group recognises an impairment loss in its consolidated statement of profit or loss.

As of 31 December 2025, the Group performed an impairment assessment for its intangible assets (including goodwill). As a result, the Group determined that the recoverable amount of intangible assets was in excess of its carrying amount and consequently no impairment charge has been recognised in the consolidated statement of profit or loss for the year ended 31 December 2025.

The impairment assessment of the intangible assets (including goodwill) is considered a Key Audit Matter since it is inherently subjective and requires the use of significant estimates and assumptions.

Refer to note 2.25 which explains the accounting policy, note 4.2 which explains the critical estimates and assumptions used in the impairment assessment and note 10 which explains the valuation methodology used by the Group.

How our audit addressed the key audit matter

We performed the following audit procedures over the impairment assessment of the intangible assets (including goodwill):

1. Obtained the valuation workings supporting the impairment assessment prepared by the Group;
2. On a sample basis, reviewed the key estimates and assumptions used by the Group in determining the recoverable amounts of the intangible assets (including goodwill);
3. Involved our internal valuation experts, who assisted us in reviewing and assessing the reasonableness of the valuation methodology and other assumptions used in the valuation workings;
4. Assessed the sensitivity analysis performed by the Group over the significant estimates and assumptions used to evaluate the extent of the impact of changes in the significant estimates on the conclusion reached by the Group; and
5. Assessed the adequacy of disclosures in the consolidated financial statements relating to this matter with reference to IFRS Accounting Standards.

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

Other information

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

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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Companies Law No. (32) of 2021, as amended, and for such internal control as the management 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 management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ISAs, we exercise professional 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 Management.
- 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.



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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

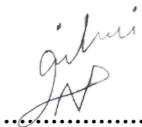
Report on other legal and regulatory requirements

Further, as required by the UAE Companies 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 Companies Law No. (32) of 2021, as amended;
- (iii) the Group has maintained proper books of account;
- (iv) the financial information included in the Chairman's report is consistent with the books of account of the Group;
- (v) as disclosed in Note 1 to the consolidated financial statements the Group has invested in shares during the year ended 31 December 2025;
- (vi) Note 30 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted; and
- (vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2025 any of the applicable provisions of the UAE Companies 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.

PricewaterhouseCoopers Limited Partnership-Abu Dhabi

12 February 2026



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Nizar Jichi

Registered Auditors Number 5596

Abu Dhabi, United Arab Emirates

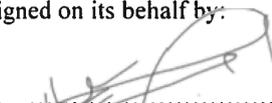
Abu Dhabi National Hotels Company PJSC

Consolidated statement of financial position

	Note	As at 31 December	
		2025 AED'000	2024 AED'000
ASSETS			
Non-current assets			
Property and equipment	5	10,654,377	9,796,986
Right-of-use assets	6	16,013	33,887
Investment in associates	7	18,179	18,176
Investment in joint ventures	8	190,423	213,971
Financial asset at fair value through other comprehensive income	9	21,179	21,179
Franchise fee		666	792
Intangible assets	10	1,126,432	1,134,489
		<u>12,027,269</u>	<u>11,219,480</u>
Current assets			
Inventories	11	27,727	26,152
Trade and other receivables	12	1,040,217	857,853
Financial assets at FVTPL	13	317,361	401,788
Term deposits	14	-	403,307
Cash and cash equivalents	15	1,095,917	571,072
		<u>2,481,222</u>	<u>2,260,172</u>
Total assets		<u>14,508,491</u>	<u>13,479,652</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	1,260,000	1,260,000
Statutory and optional reserves	17	1,000,000	1,000,000
Own shares	18	(53,475)	(114,001)
Asset revaluation reserve	19	5,739,109	5,417,347
Retained earnings		2,690,397	1,978,285
Other reserve		(5,558)	-
Proposed dividends	16	378,000	567,000
Capital and reserves attributable to shareholders of the Parent		<u>11,008,473</u>	<u>10,108,631</u>
Non-controlling interests	20	496,820	452,614
Total equity		<u>11,505,293</u>	<u>10,561,245</u>
LIABILITIES			
Non-current liabilities			
Bank borrowings	21	894,350	998,451
Provision for employees' end of service benefits	22	167,809	153,505
Deferred income tax liabilities	34	97,761	70,162
Lease liabilities	23	6,865	15,578
		<u>1,166,785</u>	<u>1,237,696</u>
Current liabilities			
Bank borrowings	21	850,381	697,967
Current tax liabilities	34	55,710	42,325
Lease liabilities	23	11,721	24,894
Trade and other payables	24	918,601	915,525
		<u>1,836,413</u>	<u>1,680,711</u>
Total liabilities		<u>3,003,198</u>	<u>2,918,407</u>
Total equity and liabilities		<u>14,508,491</u>	<u>13,479,652</u>

To the best of our knowledge, the consolidated financial statements fairly present, in all material respects, the consolidated financial position, results of operations and consolidated cash flows of the Group as of, and for the year ended 31 December 2025.

These consolidated financial statements were duly approved and authorised for issue by the Board of Directors on 12 February 2026 and signed on its behalf by:

			
Khalaf Sultan Rashed Saeed Al Dhaheri Chairman of the Board	Sheikh Ahmed Mohamed Sultan Suroor Al Dhaheri Vice Chairman of the Board and Managing Director	Khalid Anib Chief Executive Officer	Rami Naim Almuhtaseb Chief Financial Officer

Abu Dhabi National Hotels Company PJSC

Consolidated statement of profit or loss

	Note	Year ended 31 December	
		2025 AED'000	2024 AED'000
Revenue from contracts with customers	25	3,486,041	2,887,613
Cost of sales		(2,637,482)	(2,240,075)
Gross profit		<u>848,559</u>	<u>647,538</u>
General and administrative expenses	26	(213,970)	(186,132)
Net impairment loss of financial assets		(33,075)	(21,623)
Fair value gain on financial assets at FVTPL	13	15,573	1,788
Gain on previously held equity interest in joint venture		13,169	916,409
Reversal of impairment losses	5	577,535	-
Other income	28	23,124	73,801
Operating profit		<u>1,230,915</u>	<u>1,431,781</u>
Finance income		21,804	4,476
Finance costs	29	(90,522)	(114,015)
Finance costs-net		<u>(68,718)</u>	<u>(109,539)</u>
Share of profit from associates	7	1,806	1,941
Share of profit from joint ventures	8	33,572	43,607
Profit before income tax		<u>1,197,575</u>	<u>1,367,790</u>
Income tax	34	(51,710)	(32,503)
Profit for the year		<u>1,145,865</u>	<u>1,335,287</u>
Attributable to:			
Equity holders of the parent		1,084,127	1,327,096
Non-controlling interests		61,738	8,191
		<u>1,145,865</u>	<u>1,335,287</u>
Basic and diluted earnings per share attributable to ordinary equity holders of the parent (AED)	31	<u>0.09</u>	<u>0.11</u>

Abu Dhabi National Hotels Company PJSC

Consolidated statement of comprehensive income

	Notes	Year ended 31 December	
		2025 AED'000	2024 AED'000
Profit for the year		1,145,865	1,335,287
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation of land	5,19	353,586	-
Actuarial (loss)/gain on employees' end of service benefits	22	(5,558)	9,779
Income tax impact	34	(31,824)	-
Total other comprehensive income for the year		<u>316,204</u>	<u>9,779</u>
Total comprehensive income for the year		<u><u>1,462,069</u></u>	<u><u>1,345,066</u></u>
Attributable to:			
Equity holders of the parent		1,400,331	1,334,750
Non-controlling interests		<u>61,738</u>	<u>10,316</u>
		<u><u>1,462,069</u></u>	<u><u>1,345,066</u></u>

Abu Dhabi National Hotels Company PJSC

Consolidated statement of changes in equity

Capital and reserves attributable to shareholders of the parent

	Share capital AED'000	Statutory and operational reserves AED'000	Own shares AED'000	Asset revaluation reserve AED'000	Foreign currency translation reserve AED'000	Retained earnings AED'000	Proposed dividends AED'000	Other reserve AED'000	Total AED'000	Non- controlling interests AED'000	Total equity AED'000
Balance at 1 January 2024	1,200,000	1,000,000	(83,566)	5,420,257	(289)	991,773	300,000	-	8,828,175	2,262	8,830,437
Profit for the period	-	-	-	-	-	1,327,096	-	-	1,327,096	8,191	1,335,287
Other comprehensive income for the year	-	-	-	-	-	7,654	-	-	7,654	2,125	9,779
Total comprehensive income for the year	-	-	-	-	-	1,334,750	-	-	1,334,750	10,316	1,345,066
Purchase of own shares (Note 18)	-	-	(51,121)	-	-	-	-	-	(51,121)	-	(51,121)
Transfer of revaluation reserve to retained earnings on disposal of property and equipment (Note 19)	-	-	-	(2,910)	-	2,910	-	-	-	-	-
Adjustment	-	-	-	-	289	(289)	-	-	-	-	-
Other movement	-	-	20,686	-	-	(7,333)	-	-	13,353	(13,353)	-
Transaction with non-controlling interest	-	-	-	-	-	-	-	-	-	(601)	(601)
Gain on partial disposal of a subsidiary (Note 20)	-	-	-	-	-	223,474	-	-	223,474	453,990	677,464
Transactions with shareholders:											
Bonus shares issued	60,000	-	-	-	-	-	(60,000)	-	-	-	-
Dividends (Note 16)	-	-	-	-	-	-	(240,000)	-	(240,000)	-	(240,000)
Proposed dividends	-	-	-	-	-	(567,000)	567,000	-	-	-	-
At 31 December 2024	1,260,000	1,000,000	(114,001)	5,417,347	-	1,978,285	567,000	-	10,108,631	452,614	10,561,245
Balance at 1 January 2025	1,260,000	1,000,000	(114,001)	5,417,347	-	1,978,285	567,000	-	10,108,631	452,614	10,561,245
Profit for the period	-	-	-	-	-	1,084,127	-	-	1,084,127	61,738	1,145,865
Other comprehensive income for the year	-	-	-	321,762	-	-	-	(5,558)	316,204	-	316,204
Total comprehensive income for the year	-	-	-	321,762	-	1,084,127	-	(5,558)	1,400,331	61,738	1,462,069
Own shares movement	-	-	69,594	-	-	-	-	-	69,594	-	69,594
Other movement	-	-	(9,068)	-	-	5,985	-	-	(3,083)	3,083	-
Non-controlling interest on acquisition of a subsidiary (Note 33)	-	-	-	-	-	-	-	-	-	30,662	30,662
Transactions with shareholders:											
Dividends (Note 16)	-	-	-	-	-	-	(567,000)	-	(567,000)	(51,277)	(618,277)
Proposed dividends	-	-	-	-	-	(378,000)	378,000	-	-	-	-
At 31 December 2025	1,260,000	1,000,000	(53,475)	5,739,109	-	2,690,397	378,000	(5,558)	11,008,473	496,820	11,505,293

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

Abu Dhabi National Hotels Company PJSC

Consolidated statement of cash flows

	Notes	Year ended 31 December	
		2025 AED'000	2024 AED'000
Cash flows from operating activities			
Profit before income tax		1,197,575	1,367,790
Adjustments for:			
Depreciation of property and equipment	5	260,618	263,788
Depreciation of right-of-use assets	6	34,715	34,361
Share of profit from joint ventures	8	(33,572)	(43,607)
Share of profit from associates	7	(1,806)	(1,941)
Provision for impairment loss of financial assets		33,075	21,623
Reversal of impairment loss	5	(577,535)	-
Provision for employees' end of service benefits	22	33,344	33,939
Loss/(gain) on disposal of property and equipment	28	8,560	(67,064)
Fair value gain on financial assets carried at fair value through profit or loss	13	(15,573)	(1,788)
Finance costs	29	90,522	114,015
Finance income		(21,804)	(4,476)
Gain on previously held equity interest in joint venture	8	(13,169)	(916,409)
Slow moving inventory provision	11	1,224	1,235
Gain on bargain purchase	28	(4,290)	-
Amortisation of intangible assets	10	41,801	30,667
Amortisation of franchise fee		126	280
Operating cash flows before payment of employees' end of service benefits, income tax paid and changes in working capital		1,033,811	832,413
Payment of employees' end of service benefits	22	(28,991)	(25,570)
Income tax paid	34	(42,792)	-
Changes in working capital			
Inventories		(2,799)	(3,612)
Trade and other receivables		(123,632)	37,580
Trade and other payables		(66,465)	(322,750)
Net cash generated from operating activities		769,132	518,061
Cash flows from investing activities			
Purchase of property and equipment	5	(221,643)	(114,569)
Proceeds from disposal of property and equipment		12,866	40,327
Payment for acquisition of subsidiaries, net of cash acquired		(2,138)	76,653
Proceeds from disposal of financial assets at FVTPL	13	100,000	-
Payment for acquisition of a joint venture	8	-	(30,000)
Dividends received from joint ventures and an associate	7,8	47,015	155,684
Term deposits placed with maturity of more than three months	14	-	(400,000)
Purchase of financial assets at fair value through profit and loss	13	-	(400,000)
Term deposits collected with maturity of more than three months		400,000	-
Finance income received		21,000	1,169
Net cash generated from/(used in) investing activities		357,100	(670,736)

Abu Dhabi National Hotels Company PJSC

Consolidated statement of cash flows (continued)

	Note	Year ended 31 December	
		2025 AED'000	2024 AED'000
Cash flows from financing activities			
Drawdown of borrowings		1,012,111	875,974
Repayment of borrowings		(914,729)	(814,746)
Acquisition of own shares		-	(51,121)
Dividends paid	16	(567,000)	(240,000)
Principal elements of lease payments	23	(38,574)	(30,178)
Proceeds from partial disposal of subsidiaries		-	720,665
Finance cost paid on lease liabilities		(3,672)	(2,307)
Interest paid	29	(89,523)	(111,708)
Net cash (used in)/generated financing activities		<u>(601,387)</u>	<u>346,579</u>
Net increase in cash and cash equivalents		524,845	193,904
Cash and cash equivalents at the beginning of the year	15	571,072	377,168
Cash and cash equivalents at the end of the year	15	<u>1,095,917</u>	<u>571,072</u>
Non-cash transactions:			
Increase in revaluation reserve		353,586	-
Acquisition of subsidiaries (net assets acquired through business combination excluding cash and cash equivalents)		60,647	539,323
Own shares movements		51,458	51,121
Right-of-use assets (Note 6)		10,948	10,203
Lease liabilities (Note 23)		10,948	10,203
Bonus shares		-	60,000
Transfer of revaluation reserve to retained earnings		-	2,910

Abu Dhabi National Hotels Company PJSC

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

1 General information

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

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

The Company has investments in the following subsidiaries as of 31 December 2025 and 31 December 2024. The Company and its subsidiaries together are referred to as the “Group”.

Name	Country of operation	Principal activity	Interest (%)	
			31 December 2025	31 December 2024
Al Ghazal Transport – (“Subsidiary”)	United Arab Emirates	Transport services	100	100
Dome Hotels LLC (“Subsidiary”)	United Arab Emirates	Hospitality	100	100
ADNMC Sole proprietorship LLC (“Subsidiary”)	United Arab Emirates	Hospitality	100	100
Em Sherif Café West Bay LLC (“Subsidiary”)	United Arab Emirates	Food and beverage	80	80
ADNM RAK INVESTMENTS L.L.C- O.P.C – Sole Proprietorship L.L.C (“Subsidiary”)	United Arab Emirates	Hospitality	100	100
ADRM Restaurants Management – Sole Proprietorship LLC. (“Subsidiary”)	United Arab Emirates	Restaurant management	100	100
National Facility Management Company – Sole Proprietorship LLC (“Subsidiary”)	United Arab Emirates	Maintenance	100	100
ADNH General Security Guard Arab guard Services LLC (“Subsidiary”)	United Arab Emirates	Security guard services	100	100
A D N H Catering plc (“Subsidiary”)	United Arab Emirates	Catering	60	60

Abu Dhabi National Hotels Company PJSC

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

1 General information (continued)

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

Name	Country of operation	Principal activity	Interest (%)	
			31 December 2025	31 December 2024
ADNH Catering L.L.C (“Subsidiary”)	United Arab Emirates	Catering	100	100
ADNH Compass L.L.C. SP (“Subsidiary”)	United Arab Emirates	Catering	100	100
ADNH Catering - L.L.C - O.P.C (“Subsidiary”)	United Arab Emirates	Catering	100	100
Food Nation Catering Services (“Subsidiary”)*	United Arab Emirates	Catering	100	-
ADNH Catering Company LLC. (“Subsidiary”)**	Kingdom of Saudi Arabia	Catering	50	30

The Company also has investments in the following associates and joint ventures as of 31 December 2025 and 31 December 2024.

Name	Country of operation	Principal activity	Interest (%)	
			31 December 2025	31 December 2024
Compass Catering Services W.L.L. (“Joint Venture”) (“ADNH Compass – Qatar”)	Qatar	Catering and contract services	50	50
High Spirits LLC (“Joint Venture”)	United Arab Emirates	Food and beverage	50	50
M Five Cleaning Services LLC (“Joint Venture”)	United Arab Emirates	Cleaning Services	50	50
Overseas Tourist Investment Company Limited (“Associate”)	Jersey, Channel Islands	Tourist complexes	38.46	38.46
Prime Concept Café & Restaurant LLC (“Associate”)	United Arab Emirates	Food and beverage	43	43

* On 17 March 2025, the Group acquired control of Food Nation Catering Services LLC through a 100% acquisition of the shareholding, making the entity a wholly owned subsidiary of the Group.

** On 21 August 2025, the Group acquired control over ADNH Catering Company LLC (“Compass”) through a purchase of an additional 20% stake, making the Company a 50% owned subsidiary of the Group.

During the year, the Group made investments as disclosed in Notes 32 and 33.

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies

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

2.1 Basis of preparation

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

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

2.2 Statement of compliance

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

Going concern

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

2.3 Basis of consolidation

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

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.3 Basis of consolidation (continued)

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest, and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

2.4 Change in accounting policies

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

The following new and revised IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2025 have been adopted in this consolidated financial statements. The application of these revised IFRS Accounting Standards and interpretations have not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.4 Change in accounting policies (continued)

New and revised IFRS applied in the preparation of the consolidated financial statements (continued)

Lack of Exchangeability – Amendments to IAS 21, ‘The Effects of Changes in Foreign Exchange Rates’ (effective 1 January 2025)

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

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

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

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

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2026, and which the Group has not early adopted.

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

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

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

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

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.4 Change in accounting policies (continued)

New and revised IFRS issued but not yet effective and not early adopted (continued)

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

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

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

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

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

A subsidiary is eligible if:

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

Annual Improvements to IFRS Accounting Standards – Volume 11 (effective 1 January 2026)

The IASB has made the following improvements in September 2024:

- IFRS 1, 'First-time Adoption of International Financial Reporting' – to improve consistency between IFRS 1 and IFRS 9, 'Financial Instruments', in relation to the requirements for hedge accounting, and to improve the understandability of IFRS 1;
- IFRS 7, 'Financial Instruments: Disclosures' – to improve consistency in the language used in IFRS 7 with the language used in IFRS 13, 'Fair Value Measurement';

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.4 Change in accounting policies (continued)

New and revised IFRS applied in the preparation of the consolidated financial statements (continued)

Annual Improvements to IFRS Accounting Standards – Volume 11 (effective 1 January 2026)(continued)

- IFRS 9 – to clarify how a lessee accounts for the derecognition of a lease liability when it is extinguished, and to address an inconsistency between IFRS 9 and IFRS 15, ‘Revenue from Contracts with Customers’, in relation to the term ‘transaction price’;
- IFRS 10, ‘Consolidated Financial Statements’ – to clarify the requirements in relation to determining de facto agents of an entity; and
- IAS 7, ‘Statement of Cash Flows’ – to replace the term ‘cost method’ with ‘at cost’, since the term is no longer defined in IFRS Accounting Standards

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (effective 1 January 2026)

In December 2024, the IASB issued targeted amendments to IFRS 7 and IFRS 9 to allow entities to better reflect nature-dependent electricity contracts in the financial statements. The amendments:

- (a) clarify the application of the ‘own-use’ criteria to nature-dependent electricity contracts;
- (b) permit hedge accounting if these contracts are used as hedging instruments; and
- (c) add new disclosure requirements to enable users of financial statements to better understand the effect of these contracts on an entity’s financial performance and cash flows.

The amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted.

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

2.5 Business combinations

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

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.5 Business combinations (continued)

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

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

2.6 Goodwill

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

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

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

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

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.7 Property and equipment

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

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

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

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

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

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

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

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

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

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

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

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.8 Capital work-in-progress

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

2.9 Leases

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

Group as a lessee

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

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

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

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

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

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

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.9 Leases (continued)

Group as a lessee (continued)

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.9 Leases (continued)

Group as a lessor

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

2.10 Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

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

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

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

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

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.10 Investment in associates and joint ventures (continued)

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

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

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

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

2.11 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.11 Current versus non-current classification (continued)

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

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

2.12 Franchise fee

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

2.13 Intangible assets

Customer contracts and trade name

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

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

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

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

	<i>Years</i>
Customer relationships	20
Trade name	8

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.14 Inventories

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

2.15 Trade and other receivables

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

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

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

2.16 Contract assets

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

2.17 Cash and cash equivalents

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

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

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.18 Share capital

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

2.19 Own shares

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

2.20 Bank borrowings

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

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

2.21 Employee benefits

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

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

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

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

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.21 Employee benefits (continued)

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

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

2.22 Provisions and contingent liabilities

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

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

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

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

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

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

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

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.23 Trade and other payables

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

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

2.24 Foreign currencies

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

2.25 Impairment of non-financial assets

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

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

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.25 Impairment of non-financial assets (continued)

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

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

2.26 Financial assets

(a) Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

(b) Subsequent measurement

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

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

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.26 Financial assets (continued)

(b) Subsequent measurement (continued)

The Group has the following financial assets:

Cash and cash equivalents

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

(c) Financial assets at amortised cost

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

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

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

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

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

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

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

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

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.26 Financial assets (continued)

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

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

(f) *Impairment of financial assets*

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

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.26 Financial assets (continued)

(g) *Derecognition of financial assets*

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

2.27 Financial liabilities and equity instruments

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

(a) *Equity instruments*

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

(b) *Financial liabilities*

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

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

(c) *Derecognition of financial liabilities*

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

2.28 Offsetting of financial instruments

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

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.28 Offsetting of financial instruments (continued)

Non-financial assets

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

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

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

2.29 Fair value measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.29 Fair value measurement (continued)

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

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

2.30 Dividends paid to shareholders

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

2.31 Revenue from contracts with customers

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

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

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

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

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

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the Group satisfies a performance obligation.

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.31 Revenue from contracts with customers (continued)

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

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

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

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

The Group recognises revenue from the following major sources:

(a) Room revenue

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

(b) Catering

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

(c) Food and beverage

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

(d) Manpower

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

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.31 Revenue from contracts with customers (continued)

(d) *Manpower* (continued)

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

(e) *Rental revenue*

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

(f) *Transportation services*

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

(g) *Fixed fee service*

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

(h) *Recreational and wellness facilities*

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

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.31 Revenue from contracts with customers (continued)

(i) Other revenue

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

2.32 Other income

Dividends

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

2.33 Finance income and finance costs

Interest income

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

Finance costs

Finance costs comprise interest expense on borrowings, interest on lease liabilities recognised under IFRS 16 Leases, unwinding of discounts on provisions, bank charges, and other similar financing-related expenses. Finance costs are recognised in profit or loss using the effective interest rate method. Interest expense on lease liabilities is recognised over the lease term and presented within finance costs in the consolidated statement of profit or loss.

2.34 Income tax

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

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

Current tax

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

Abu Dhabi National Hotels Company PJSC

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

2 Material accounting policies (continued)

2.34 Income tax (continued)

Deferred tax

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

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

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

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

2.35 Segment reporting

The Board Executive Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss. Operating segments are reported in a manner consistent with the internal reporting provided to the Board Executive Committee.

Abu Dhabi National Hotels Company PJSC

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

3 Financial risk management

3.1 Capital risk management

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

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

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

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

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

	2025 AED'000	2024 AED'000
Bank borrowings (Note 21)	1,744,731	1,696,418
Lease liabilities	18,586	40,472
Cash and cash equivalents (Note 15)	<u>(1,095,917)</u>	<u>(571,072)</u>
Net debt	667,400	1,125,346
Equity	<u>11,505,293</u>	<u>10,561,245</u>
Capital and net debt	<u>12,172,693</u>	<u>11,686,591</u>
Gearing ratio	<u>5%</u>	<u>10%</u>

3.2 Financial instruments by category

	2025 AED'000	2024 AED'000
Financial assets		
Financial assets at amortised cost		
-Trade and other receivables (excluding prepayments)	888,485	795,665
-Cash and cash equivalents	1,095,917	571,072
Financial assets at fair value through other comprehensive income (FVOCI)	21,179	21,179
Term deposits	-	403,307
Financial assets at fair value through profit or loss (FVPL)	<u>317,361</u>	<u>401,788</u>
	<u>2,322,942</u>	<u>2,193,011</u>
Financial liabilities		
Financial liabilities at amortised cost		
-Trade and other payables	918,601	915,525
-Bank borrowings	1,744,731	1,696,418
Lease liabilities	<u>18,586</u>	<u>40,472</u>
	<u>2,681,918</u>	<u>2,652,415</u>

Abu Dhabi National Hotels Company PJSC

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

3 Financial risk management (continued)

3.3 Financial risk management objectives

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

(a) *Market risk management*

(i) Foreign exchange risk

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

(ii) Price risk

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

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

	2025			2024		
	Change in equity price	Carrying value AED'000	Effect of change AED'000	Change in equity price	Carrying value AED'000	Effect of change AED'000
Financial assets at fair value through OCI		21,179			21,179	
Financial assets at fair value through profit or loss		<u>317,361</u>			<u>401,788</u>	
		<u>338,540</u>			<u>422,967</u>	
Change	1%		<u>3,385</u>	1%		<u>4,229</u>

Abu Dhabi National Hotels Company PJSC

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

3 Financial risk management (continued)

3.3 Financial risk management objectives (continued)

(a) *Market risk management* (continued)

(iii) Cash flow and fair value interest rate risks

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

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates and term deposits. At 31 December 2025, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, profit for the year would have been AED 1.7 million (2024: AED 1.7 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At 31 December 2025, if interest rates on term deposits had been 100 basis points higher/lower with all other variables held constant, profit for the year would have been AED 4.5 million (2024: AED 4.4 million) lower/higher, mainly as a result of higher/lower interest income on floating rate term deposits.

(b) *Credit risk management*

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

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

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

Abu Dhabi National Hotels Company PJSC

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

3 Financial risk management (continued)

3.3 Financial risk management objectives (continued)

(b) Credit risk management (continued)

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

	31 December 2025 AED'000	31 December 2024 AED'000
Trade and other receivables	888,485	795,665
Financial assets at fair value through other comprehensive income (FVOCI)	21,179	21,179
Financial assets at fair value through profit or loss (FVPL)	317,361	401,788
Term deposits	-	403,307
Cash and cash equivalents	1,095,917	571,072
	<u>2,322,942</u>	<u>2,193,011</u>

Trade receivables

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

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

Due from related parties

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

Cash and cash equivalents

With respect to cash and cash equivalents (excluding cash on hand) of AED 1,093,977 thousand as at 31 December 2025 (2024: AED 570,240 thousand) (Note 15), only banks that are rated A to Aa3, based on Moody's ratings, are accepted.

Abu Dhabi National Hotels Company PJSC

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

3 Financial risk management (continued)

3.3 Financial risk management objectives (continued)

(b) Credit risk management (continued)

Cash and cash equivalents (continued)

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

(c) Liquidity risk management

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

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

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

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

	Less than 1 year AED'000	1 to 5 years AED'000	Total AED'000
At 31 December 2025			
Bank borrowings	850,381	894,350	1,744,731
Lease liabilities	11,721	6,865	18,586
Trade and other payables	918,601	-	918,601
	<u>1,780,703</u>	<u>901,215</u>	<u>2,681,918</u>
At 31 December 2024			
Bank borrowings	697,967	998,451	1,696,418
Lease liabilities	24,894	15,578	40,472
Trade and other payables	915,525	-	915,525
	<u>1,638,386</u>	<u>1,014,029</u>	<u>2,652,415</u>

Abu Dhabi National Hotels Company PJSC

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

3 Financial risk management (continued)

3.4 Fair value of financial instruments

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

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

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

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
31 December 2025				
Investment securities	<u>317,361</u>	<u>-</u>	<u>21,179</u>	<u>338,540</u>
31 December 2024				
Investment securities	<u>401,788</u>	<u>-</u>	<u>21,179</u>	<u>422,967</u>

The carrying values of the Group's financial assets and financial liabilities as at 31 December 2025 are not materially different from their fair values.

4 Critical accounting judgments and key sources of estimation of uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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

Abu Dhabi National Hotels Company PJSC

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

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

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

The following are the key judgments and assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.1 Critical judgements

(a) *Business combinations*

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

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

In relation to Food Nation Catering Services LLC, the Group has obtained rights through the signing of the Sale and Purchase Agreement ("SPA") and has obtained sole rights to Food Nation Catering Services LLC. The Group can unilaterally direct the relevant activities of Food Nation as these decisions are decided by voting rights, and the Group has 100% voting rights as at 31 December 2025. The Group has the unilateral ability to hire and remove any key management who are responsible for the activities of the Food Nation, which provides evidence of operational control. The Group is directly and significantly exposed and has rights to variable returns from this subsidiary and is able to use its power over this subsidiary to affect these returns. Accordingly, the Group has concluded that it has control over Food Nation Catering Services LLC.

In relation to ADNH Catering Company LLC (formerly known as Compass Arabia Limited Company), the Group has obtained additional 20% ownership through signing the Sale and Purchase Agreement ("SPA") resulting in increasing the previously held interest from 30% to 50% ownership. The Group can unilaterally approve the annual profit plan of ADNH Catering Company LLC and can appoint the General Manager of ADNH Catering Company LLC. This provides the Group the rights for operational leadership, strategic planning and policy setting. Accordingly, the Group has concluded that it has control over ADNH Catering Company LLC (formerly known as Compass Arabia Limited Company).

In relation to the business acquisition and step-up acquisition, please refer to (Notes 32, 33).

Abu Dhabi National Hotels Company PJSC

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

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

4.1 Critical judgements (continued)

(b) *Joint arrangement*

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

(c) *Inventories*

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

4.2 Estimates and assumptions

(a) *Useful lives of property and equipment*

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

(b) *Revaluation of land*

The Group carries its land at fair value, with changes in fair value recognised in the consolidated statement of comprehensive income. The fair value of land is determined by independent real estate valuation experts using recognised valuation methods. The method used was the market approach. The market approach is based on active market comparable prices, adjusted for any differences in the nature, location, or condition of the specific property.

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

Abu Dhabi National Hotels Company PJSC

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

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

4.2 Estimates and assumptions (continued)

(c) *Goodwill and other intangible assets*

Intangible assets with finite useful lives are carried at cost less cumulative amortization and any impairment. The Group has performed impairment assessment during the year.

For intangible assets with indefinite useful lives (goodwill), the Group assesses annually or more frequently where indicators exist that suggest the intangible asset might be impaired by comparing the recoverable amounts with their carrying amounts.

In determining the recoverable amounts of goodwill and other intangible assets, the Group makes estimates and assumptions about future cash flows based on the value in use. In doing so, management makes assumptions and estimates regarding the discount rates in order to calculate the net present value of the future cash flows. The Group has tested whether goodwill and other intangible assets are impaired by comparing the recoverable amounts of cash-generating units with their carrying amounts.

The recoverable amount is the higher of the fair value less cost of disposal and the value in use. The key estimates used by the Group are discount rates, terminal growth rate and future cash flows forecasts etc. (Note 10). Based on the impairment assessment performed by the Group, no impairment was identified during the year ended 31 December 2025.

(d) *Defined benefits plan*

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

Abu Dhabi National Hotels Company PJSC

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

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

4.2 Estimates and assumptions (continued)

(d) *Defined benefits plan* (continued)

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

(e) *Impairment of trade receivables*

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

The loss allowance for trade receivables is based on assumptions about risk of default and expected loss rates. Management uses judgement in making these assumptions and selecting the inputs to the impairment calculation which are applied to the exposure at default to arrive at the expected credit losses at the reporting date. Management base their assumptions on the Group's historical data, existing market conditions as well as forward looking estimates. As at 31 December 2025, the allowance for impairment of trade receivables amounted to AED 98,561 thousand (31 December 2024: AED 59,018 thousand).

(f) *Impairment assessment of properties*

Properties are classified under property and equipment are assessed at each reporting period for impairment indicators. When such indicators exist, the Group estimates the recoverable amount and compares it to the asset's carrying amount. Impairment losses recorded in prior periods are reversed when updated information indicates that the conditions or assumptions underlying the original impairment have improved.

The fair value of the properties is determined by an independent accredited valuer using the Income Approach, implemented through a Discounted Cash Flow (DCF) methodology. Cash flows are based on current market conditions, historic and projected operating performance, and other relevant factors. The discounted cashflows reflect property specific yields and applies a discount rate equivalent to a yield plus inflation. Based on the impairment assessment performed by the Group, no impairment was identified during the year ended 31 December 2025.

Abu Dhabi National Hotels Company PJSC

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

5 Property and equipment

	Land and buildings AED'000	Mechanical, electrical and plumbing AED'000	Furniture, fixtures and operating equipment AED'000	Motor vehicles AED'000	Construction in progress AED'000	Total AED'000
Cost						
At 1 January 2025	11,160,751	1,181,288	1,758,862	377,880	216,503	14,695,284
Acquired through business combination (Notes 32, 33)	-	-	12,866	15	-	12,881
Revaluation surplus	353,586	-	-	-	-	353,586
Additions	140	352	19,567	80,117	121,467	221,643
Transfers	45,171	29,376	58,198	-	(132,745)	-
Disposals	(110,561)	(63)	(16,296)	(102,025)	-	(228,945)
At 31 December 2025	<u>11,449,087</u>	<u>1,210,953</u>	<u>1,833,197</u>	<u>355,987</u>	<u>205,225</u>	<u>15,054,449</u>
Accumulated depreciation and impairment						
At 1 January 2025	2,292,580	873,404	1,459,183	235,681	37,450	4,898,298
Acquired through business combination (Notes 32, 33)	-	-	7,878	6	-	7,884
Reversal of impairment losses	(428,555)	(120,389)	(28,591)	-	-	(577,535)
Charge for the year	101,311	22,664	78,345	58,298	-	260,618
Disposals	(80,561)	(63)	(15,680)	(92,889)	-	(189,193)
At 31 December 2025	<u>1,884,775</u>	<u>775,616</u>	<u>1,501,135</u>	<u>201,096</u>	<u>37,450</u>	<u>4,400,072</u>
Net book value						
At 31 December 2025	<u>9,564,312</u>	<u>435,337</u>	<u>332,062</u>	<u>154,891</u>	<u>167,775</u>	<u>10,654,377</u>

Abu Dhabi National Hotels Company PJSC

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

5 Property and equipment (continued)

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

Abu Dhabi National Hotels Company PJSC

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

5 Property and equipment (continued)

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

	2025 AED'000	2024 AED'000
Cost of sales	258,472	262,573
General and administrative expenses (Note 26)	2,146	1,215
	<u>260,618</u>	<u>263,788</u>

Land

Included in land and buildings is land stated at revalued amount of AED 6.69 billion as at 31 December 2025 (31 December 2024: AED 6.34 billion). During the year ended 31 December 2025, the Group engaged an accredited independent valuer to determine the fair value of the land. The revaluation resulted in an increase of AED 353.6 million (Note 19).

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

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

If land was measured using the cost model, the carrying amounts would be AED 924,667 thousand (2024: AED 924,667 thousand).

Properties

The Group performed impairment assessments of its properties. The recoverable amounts of the properties have been determined using the discounted cash flow method with exit yields ranging from 7.0% to 8.0% and discount rates ranging from 9.0% to 11.0%. Based on management's assessment, a reversal of impairment has been determined during the year ended 31 December 2025 amounted to AED 577,535 (31 December 2024: Nil).

A sensitivity analysis was performed considering a 5% reduction/increase in the discount rates and exit yields which did not result in any impairment.

Construction in progress mainly represents capital expenditure on the additions to hotel properties. During the year ended 31 December 2025, the Group transferred AED 132,745 thousand (2024: AED 118,093 thousand) from construction in progress to various property and equipment categories.

Bank borrowings are secured through mortgage of some properties with a value of AED 5.9 billion (2024: AED 5 billion) (Note 21).

Abu Dhabi National Hotels Company PJSC

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

6 Right-of-use assets

Group as a lessee

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

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

	Land AED'000	Buildings AED'000	Total AED'000
At 1 January 2024	-	4,774	4,774
Acquired through business combination, net	-	53,271	53,271
Addition	3,199	7,004	10,203
Depreciation	(200)	(34,161)	(34,361)
At 31 December 2024	<u>2,999</u>	<u>30,888</u>	<u>33,887</u>
Acquired through business combination (Notes 32,33)	-	5,893	5,893
Addition	-	10,948	10,948
Depreciation	(200)	(34,515)	(34,715)
At 31 December 2025	<u>2,799</u>	<u>13,214</u>	<u>16,013</u>

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

	2025 AED'000	2024 AED'000
Cost of sales	<u>34,715</u>	<u>34,361</u>

7 Investment in associates

	2025 AED'000	2024 AED'000
At 1 January	18,176	17,288
Share of profit	1,806	1,941
Dividend received	(1,803)	(1,053)
At 31 December	<u>18,179</u>	<u>18,176</u>

Abu Dhabi National Hotels Company PJSC

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

7 Investment in associates (continued)

(a) Overseas Tourist Investment Company Limited (“OTIC”)

The Group has a 38.46% interest in equity share capital of Overseas Tourist Investment Company Limited (“OTIC”), which is incorporated in Jersey, Channel Island and participates in tourist complexes and operates in Morocco. The Group’s investment in this associate is accounted for using the equity method of accounting. OTIC is a private company and there is no quoted market price available for its shares. There are no contingent liabilities relating to the Group’s interest in the associate. The Group’s investment in the OITC as at 31 December 2025 amounted to AED 10,743 thousand (31 December 2024: AED 10,743 thousand).

(b) Prime Concept Café & Restaurants LLC

The Group has a 43% interest in equity share capital in Prime Concept Café & Restaurant LLC (“Prime Concept”), a limited liability entity incorporated in Dubai. The entity commenced their operations in October 2019. The Group’s investment in the Prime Concept Café & Restaurants LLC as at 31 December 2025 amounted to AED 7,436 thousand (31 December 2024: AED 7,433 thousand).

8 Investment in joint ventures

	2025 AED’000	2024 AED’000
Investment in ADNH Compass Middle East Entities (a)	19,126	42,704
Investment in High Spirits LLC (b)	134,865	135,740
Investment in M Five Cleaning Services LLC (c)	36,432	35,527
	<u>190,423</u>	<u>213,971</u>

(a) ADNH Compass – Middle East entities

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

ADNH Compass – Qatar continued to be recognized as a joint venture, under the equity method of accounting as at 31 December 2025.

Derecognition of ADNH Catering Company LLC (formerly known as Compass Arabia Limited Company) as a joint venture

During the year ended 31 December 2025, the Group acquired control over ADNH Catering Company LLC through acquisition of the extra 20% shareholding in ADNH Catering Company LLC making it a subsidiary of the Group.

Accordingly, the carrying amount for ADNH Catering Company LLC (previously carried as a joint venture have been derecognised as part of the acquisition accounting under IFRS 3 Business Combinations (Note 33).

Abu Dhabi National Hotels Company PJSC

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

8 Investment in joint ventures (continued)

(b) High Spirits LLC

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

(c) M Five Cleaning Investments LLC

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

(1) Investment in ADNH Compass-Middle East

	2025 AED'000	2024 AED'000
At 1 January	42,704	210,041
Share of profit	15,141	35,723
Dividends during the year	(26,811)	(149,647)
Fair value gain on retained equity interest before reclassification of a subsidiary	13,169	916,409
Reclassified as subsidiary (Note 33)	(25,077)	(969,822)
At 31 December	<u>19,126</u>	<u>42,704</u>

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

	2025 AED'000	2024 AED'000
Opening net assets	77,340	412,013
Profit for the year	39,674	71,447
Other movement	(1,327)	-
Dividend during the year	(53,622)	(299,294)
Reclassified as a subsidiary	(23,813)	(106,826)
Closing net assets	<u>38,252</u>	<u>77,340</u>
Share of interest in joint venture at 50% (excluding penalties)	<u>19,126</u>	<u>42,704</u>
Carrying value	<u>19,126</u>	<u>42,704</u>

Abu Dhabi National Hotels Company PJSC

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

8 Investment in joint ventures (continued)

(1) Investment in ADNH Compass-Middle East (continued)

ADNH Compass-Middle East joint venture's summarised financial information is as follows:

	2025 AED'000	2024 AED'000
Summarised statement of financial position		
Non-current assets	20,497	31,469
Cash and cash equivalents	13,008	50,829
Other current assets (excluding cash)	102,542	206,191
Financial liabilities (excluding trade payables)	(19,080)	(22,802)
Other current liabilities (including trade payables)	(53,557)	(132,746)
Other non-current liabilities	(26,399)	(55,601)
Net assets	37,011	77,340

Summarised statement of profit or loss

Revenue	384,698	879,283
Expenses	(342,000)	(736,501)
Depreciation	(5,039)	(25,143)
Other expenses	-	(39,584)
Finance income, net	(1,031)	2,227
Income tax expense	3,045	(8,835)
Profit for the year	39,673	71,447

(2) Investment in High Spirits LLC

At 1 January	135,740	149,882
Share of profit for the year	12,125	2,358
Dividend during the year	(13,000)	(16,500)
At 31 December	134,865	135,740

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

	2025 AED'000	2024 AED'000
At 1 January	271,480	299,764
Profit for the year	24,250	4,716
Dividend during the year	(26,000)	(33,000)
Closing net assets	269,730	271,480
Share of interest in joint venture at 50%	134,865	135,740
At 31 December	134,865	135,740

Abu Dhabi National Hotels Company PJSC

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

8 Investment in joint ventures (continued)

(2) Investment in High Spirits LLC (continued)

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

	2025 AED'000	2024 AED'000
Summarised statement of financial position		
Non-current assets	269,533	268,874
Cash and bank balances	41,903	36,265
Other current assets (excluding cash)	28,827	29,101
Financial liabilities (excluding trade payables)	(23,496)	(18,745)
Other current liabilities (including trade payables)	(24,176)	(21,929)
Net assets	292,591	293,566

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

	2025 AED'000	2024 AED'000
Summarised statement of profit or loss		
Revenue	137,805	136,307
Expenses	(108,867)	(105,623)
Depreciation	(2,203)	(1,267)
Income tax expense	(2,485)	(2,614)
Profit for the period	24,250	26,803
Share of interest in joint venture at 50%	12,125	13,401
Deferred tax charge	-	(11,043)
Share of profit in joint venture after deferred tax charge	12,125	2,358

(3) Investment in M Five Cleaning Services LLC

	2025 AED'000	2024 AED'000
At 1 January	35,527	-
Acquired during the year	-	30,000
Share of profit	6,306	5,527
Dividend during the year	(5,401)	-
At 31 December	36,432	35,527

Abu Dhabi National Hotels Company PJSC

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

8 Investment in joint ventures (continued)

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

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

	2025 AED'000	2024 AED'000
At 1 January	71,054	-
Profit for the year	12,613	11,054
Dividend during the year	(10,802)	-
Net assets at acquisition date	-	60,000
Closing net assets	72,865	71,054
Share of interest in joint venture at 50%	36,432	35,527
At 31 December	36,432	35,527

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

	2025 AED'000	2024 AED'000
Summarised statement of profit or loss		
Non-current assets	59,302	59,166
Cash and cash equivalents	12,514	12,363
Other current assets (excluding cash)	24,348	18,049
Financial liabilities (excluding trade payables)	(15,118)	(13,206)
Other current liabilities (including trade payables)	(8,181)	(5,318)
Net assets	72,865	71,054

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

	2025 AED'000	2024 AED'000
Summarised statement of profit or loss		
Revenue	97,583	88,579
Expenses	(83,430)	(76,170)
Depreciation	(317)	(300)
Income tax expense	(1,223)	(1,055)
Profit for the year	12,613	11,054

During the year ended 31 December 2025, the Group received cash dividends from its joint venture amounting to AED 45.2 million (2024: AED 154.6 million).

At 31 December 2025, the joint venture had bank guarantees, mostly performance bonds, amounting to AED 106 million (2024: AED 87 million).

Abu Dhabi National Hotels Company PJSC

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

9 Financial asset at fair value through other comprehensive income

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

	2025 AED'000	2024 AED'000
Unquoted equity investment	<u>21,179</u>	<u>21,179</u>

The unquoted equity investment represents the Group's equity interest of 10.224% (31 December 2024: 10.224%) in Abu Dhabi Tourism Investment Company ("ADTIC").

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

10 Intangible assets

	Customer relationships AED'000	Goodwill AED'000	Trade name AED'000	Total AED'000
Cost				
At 1 January 2024	-	-	-	-
Acquisition through business combination	<u>817,800</u>	<u>347,356</u>	-	<u>1,165,156</u>
At 31 December 2024	<u>817,800</u>	<u>347,356</u>	-	<u>1,165,156</u>
Acquisition through business combination (Notes 32,33)	<u>27,633</u>	<u>5,480</u>	<u>631</u>	<u>33,744</u>
At 31 December 2025	<u>845,433</u>	<u>352,836</u>	<u>631</u>	<u>1,198,900</u>
Accumulated amortisation				
At 1 January 2024	-	-	-	-
Charge for the year	<u>30,667</u>	-	-	<u>30,667</u>
At 31 December 2024	<u>30,667</u>	-	-	<u>30,667</u>
Charge for the year	<u>41,708</u>	-	<u>93</u>	<u>41,801</u>
At 31 December 2025	<u>72,375</u>	-	<u>93</u>	<u>72,468</u>
Net carrying amount				
At 31 December 2024	<u>787,133</u>	<u>347,356</u>	-	<u>1,134,489</u>
At 31 December 2025	<u>773,058</u>	<u>352,836</u>	<u>538</u>	<u>1,126,432</u>

The Group tests for impairment on an annual basis for the intangible assets that have indefinite life and goodwill. During the year ended 31 December 2025, the Group has performed impairment testing of the goodwill and the intangible assets with reference to the respective CGUs.

Abu Dhabi National Hotels Company PJSC

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

10 Intangible assets (continued)

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

	2025 AED'000	2024 AED'000
General and administrative expenses (Note 26)	<u>41,801</u>	<u>30,667</u>

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

Goodwill has been allocated to the cash generating units as follows:

	2025 AED'000	2024 AED'000
A D N H Catering plc	347,356	347,356
Food Nation Catering Services LLC	<u>5,480</u>	<u>-</u>
	<u>352,836</u>	<u>347,356</u>

Other intangible assets have been allocated to the cash generating units as follows:

	2025 AED'000	2024 AED'000
A D N H Catering plc	746,234	787,133
Food Nation Catering Services LLC	1,105	-
ADNH Catering Company LLC	<u>26,257</u>	<u>-</u>
	<u>773,596</u>	<u>787,133</u>

Goodwill and other intangible assets impairment assessment:

Goodwill and other intangible assets arose from the transactions which occurred during the years 2025 and 2024.

During the year ended 31 December 2025, the Group performed impairment assessment review on the Group's Goodwill and other intangible assets, using the discounted cashflow model. As result no impairment has been identified by the Group.

The test for assets impairment was carried out by discounting future cash flows to be generated from the continuing use of the cash-generating units to which the goodwill and other intangible assets applies. Key assumptions used in the calculation of recoverable amounts are the discount rate, the terminal value growth rate, projected year-on-year revenue growth and revenue from existing customer contracts. The assumptions used are based on past experience and external sources.

Key assumptions are as follows:

Discount rate: 12.5%

Terminal growth rate: 2%

A sensitivity analysis was performed considering a 0.25% reduction in the terminal growth rate or 0.25% increase to WACC which did not result in any impairment.

Abu Dhabi National Hotels Company PJSC

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

11 Inventories

	2025 AED'000	2024 AED'000
Finished goods	11,402	11,578
Food supplies	10,252	10,465
Operating supplies	7,297	5,344
	<u>28,951</u>	<u>27,387</u>
Less: provision for impairment of slow-moving inventories	(1,224)	(1,235)
At 31 December	<u>27,727</u>	<u>26,152</u>

The inventory consumptions for the year ended 31 December 2025 amounting to AED 566,200 (2024: AED 641,867) which was recognized within cost of sales.

12 Trade and other receivables

	2025 AED'000	2024 AED'000
Trade receivables	676,584	711,962
Less: allowance for expected credit losses	(80,093)	(59,018)
	<u>596,491</u>	<u>652,944</u>
Other receivables	231,262	98,545
Less: impairment provision on financial assets	(67,956)	-
	<u>163,306</u>	<u>98,545</u>
Contract assets (Note 25)	93,551	35,872
Due from related parties (Note 30)	35,137	8,304
Prepayments	82,767	51,545
Advances to suppliers	68,965	10,643
	<u>1,040,217</u>	<u>857,853</u>

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

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

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

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

Abu Dhabi National Hotels Company PJSC

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

12 Trade and other receivables (continued)

At 31 December 2025, trade receivables of AED 80 million (2024: AED 59 million) were impaired. Movements in the allowance for expected credit losses were as follows:

	2025 AED'000	2024 AED'000
At 1 January	59,018	37,395
Provision for the year	22,294	23,248
Reversal during the year	(1,219)	(1,625)
At 31 December	<u>80,093</u>	<u>59,018</u>

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

	2025 AED'000	2024 AED'000
At 1 January	-	-
Provision for the year	12,000	-
Transfer	55,956	-
At 31 December	<u>67,956</u>	<u>-</u>

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

As of 31 December 2025, the analysis of trade receivables including those that were past due and not impaired is as follows:

	Total AED'000	Current AED'000	30-60 days AED'000	61-90 days AED'000	91-120 days AED'000	More than 120 days AED'000
At 31 December 2025						
Expected credit loss rate		0%	2%	2%	3%	79%
Estimated total gross carrying amount at default	676,584	367,872	146,529	37,881	19,441	104,861
Expected credit loss	<u>80,093</u>	<u>969</u>	<u>2,337</u>	<u>863</u>	<u>605</u>	<u>75,319</u>
At 31 December 2024						
Expected credit loss rate		0%	1%	1%	2%	43%
Estimated total gross carrying amount at default	711,962	445,741	63,821	39,778	31,585	131,037
Expected credit loss	<u>59,018</u>	<u>1,653</u>	<u>478</u>	<u>431</u>	<u>554</u>	<u>55,902</u>

The carrying amounts of the Group's trade receivables are denominated in the UAE Dirham and approximate their fair value as at 31 December 2025 and 2024.

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

12 Trade and other receivables (continued)

At 31 December 2025, the Group had significant concentration of credit risk with four customers accounting to AED 230 million representing 41% of total trade receivables at that date (2024: AED 286.6 million representing 40% of total trade).

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

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

13 Financial assets at FVTPL

	2025 AED'000	2024 AED'000
At 1 January	401,788	-
Additions	-	400,000
Disposals	(100,000)	-
Fair value gain	15,573	1,788
At 31 December	<u>317,361</u>	<u>401,788</u>

During the year, the Group disposed of financial assets with a carrying amount of AED 100 million. The instruments carrying amount after the reporting date had a fair value of AED 317.36 million (2024: AED 401.79 million).

14 Term deposits

	2025 AED'000	2024 AED'000
Term deposits held with local banks	<u>-</u>	<u>403,307</u>

During the year 31 December 2024, the Group, through its brokers, have invested in term deposits with local banks amounting to AED 400,000 thousand. These deposits had a maturity date more than three months and less than one year and carried an average interest rate of 4.65% per annum.

Abu Dhabi National Hotels Company PJSC

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

15 Cash and cash equivalents

	2025 AED'000	2024 AED'000
Cash at bank	648,977	530,240
Short term deposits*	445,000	40,000
Cash on hand	1,940	832
	<u>1,095,917</u>	<u>571,072</u>

*The Group has invested in short term deposits with local banks amounting to AED 445,000 thousand (2024: AED 40,000 thousand). These deposits had a maturity date less than three months and carried an average interest rate of 4.05% per annum (2024: 4% per annum). Finance income recorded during the year amounted to AED 2,800 thousand (2024 AED 3,129 thousand).

16 Share capital

	2025 AED'000	2024 AED'000
<i>Authorised, issued, and fully paid</i>		
12,600,000,000 ordinary shares of AED 0.1 each* (31 December 2024: 12,600,000,000 ordinary shares of AED 0.1 each)	<u>1,260,000</u>	<u>1,260,000</u>
<i>Issued, subscribed and paid-up capital</i>		
Opening balance	1,260,000	1,200,000
Bonus shares issued in 2024: 600,000,000 shares of AED 0.1 each	-	60,000
Closing balance	<u>1,260,000</u>	<u>1,260,000</u>

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

During the year ended 31 December 2024, at the Annual General Meeting held on 28 February 2024, the Shareholders approved a cash dividend of AED 0.02 per share for each of the 12.6 billion shares as at that date totaling to AED 240 million. The cash dividend was paid to the Shareholders on 28 March 2024.

On the Annual General Meeting held on 9 April 2025, the Shareholders approved a cash dividend proposed by the Board of Directors on 14 February 2025 of AED 0.045 per share for each of the 12.6 billion shares as at that date totaling to AED 567 million, which was paid to shareholders on 21 April 2025.

On 12 February 2025, the Board of Directors proposed a cash dividend of AED 0.03 per share amounting to AED 378 million.

Abu Dhabi National Hotels Company PJSC

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

17 Statutory and optional reserves

(a) Statutory reserve

In accordance with the UAE Companies Law No. (32) of 2021, as amended, and Article 60 of the Company's Articles of Association, 10% of the profit for the year is to be transferred to a statutory reserve until such reserve reaches 50% of the Company's issued and fully paid-up capital. No transfers has been made in the current year to the statutory reserve (2024: AED 130 million) to make the statutory reserve reach 50% of the Company's issued and fully paid-up capital. This reserve of AED 630 million is not available for distribution.

(b) Optional reserve

No transfers were made in the year ended 31 December 2025. During the year ended 31 December 2024, a transfer of AED 130 million has been made to the statutory reserve.

18 Own shares

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

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

At 31 December 2025, the Market Maker held 2.1 million shares (31 December 2024: 120 million shares) of the Company on behalf of the Group. The carrying amount of the shares carried and the previous losses recognized amounted to AED 53.5 million (31 December 2024: AED 114 million), which is classified under equity as at 31 December 2025. The remaining amount of AED 46.5 million is presented in other receivables.

19 Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of land and decreases to the extent that such decreases relate to increases on the same asset previously recognised in equity. During the year ended 31 December 2025, the Group engaged an accredited independent valuer to determine the fair value which resulted in an increase of AED 353.6 million (Note 5).

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

Abu Dhabi National Hotels Company PJSC

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

20 Non-controlling interests

	2025 AED'000	2024 AED'000
At 1 January	452,614	2,262
Increase in non-controlling interest	30,662	453,990
Share of total comprehensive income for the year	61,738	10,316
Transaction with parent company	(51,277)	(601)
Other movement	3,083	(13,353)
At 31 December	<u>496,820</u>	<u>452,614</u>

Following the reorganization of catering entities during the year ended 31 December 2024, the Group raised AED 864 million through an Initial Public Offering (IPO) and sold 40% shares in A D N H Catering plc. Further, as part of the IPO process the Group purchased 4% of A D N H Catering plc under price stabilization agreement. Subsequently, under an investment agreement the Group purchased another 2% shares of A D N H Catering plc, thus holding 66% shares at the reporting date.

A D N H Catering plc proposed dividends of AED 90 million (2024: AED 60 million) for its shareholders.

On 31 August 2025, the Group acquired an additional 20% equity stake in ADN H Catering Company LLC (formerly known as Compass Arabia Limited Company), thereby increasing its total ownership to 50%. As a result, the Group obtained control over the entity in accordance with IFRS 10, leading to the recognition of a 50% non-controlling interest.

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

	2025 AED'000	2024 AED'000
At 1 January	223,474	-
Proceeds from IPO, net of expenses	-	677,464
Carrying amount of the shares sold	-	(453,990)
At 31 December	<u>223,474</u>	<u>223,474</u>

Abu Dhabi National Hotels Company PJSC

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

20 Non-controlling interests (continued)

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

<i>A D N H Catering plc:</i>	2025 AED'000	2024 AED'000
Current assets	881,997	875,896
Current liabilities	477,342	559,415
Current net assets	<u>404,655</u>	<u>316,481</u>
Non-current assets	1,198,006	1,228,674
Non-current liabilities	210,117	181,881
Non-current net assets	<u>987,889</u>	<u>1,046,793</u>
Net assets	<u>1,392,544</u>	<u>1,363,274</u>
Accumulated NCI	470,382	463,513
Other movement	3,083	(13,353)
	<u>473,465</u>	<u>450,160</u>

NCI share of total comprehensive income from A D N H Catering plc is AED 60.9 million.

<i>Em Sherif Café West Bay LLC:</i>	2025 AED'000	2024 AED'000
Current assets	11,037	5,855
Current liabilities	2,832	1,356
Current net assets	<u>8,205</u>	<u>4,499</u>
Non-current assets	6,850	17,022
Non-current liabilities	355	9,254
Non-current net assets	<u>6,495</u>	<u>7,768</u>
Net assets	<u>14,700</u>	<u>12,267</u>
Accumulated NCI	<u>2,940</u>	<u>2,454</u>

NCI share of total comprehensive income from Em Sherif Café West Bay LLC is AED 812 thousand (2024: AED 332 thousand).

21 Bank borrowings

	2025 AED'000	2024 AED'000
<i>Borrowings with commercial banks:</i>		
Due in less than one year – current liabilities	850,381	697,967
Due in more than one year – non-current liabilities	894,350	998,451
	<u>1,744,731</u>	<u>1,696,418</u>

Abu Dhabi National Hotels Company PJSC

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

21 Bank borrowings (continued)

The term loans comprise the following:

Term loan 1

On 3 January 2019, the Group obtained a term loan from a local bank of AED 1,600 million to finance its acquisition of Dome Hotels LLC. The facility carries a variable interest rate plus a spread. The loan is repayable in 20 semi-annual instalments commencing after three months from the date of the withdrawal. The collateral constitutes a mortgage of the assets purchased from the loan proceeds. The carrying amount of this term loan as at 31 December 2025 was AED 944 million (31 December 2024: AED 1,088 million). The loan amount included AED 4 million in accrued interest as at 31 December 2025.

The Group paid AED 12 million as processing fees for the loan and as at 31 December 2025 the Group has an unamortised prepaid loan arrangement fee of AED 6.1 million (31 December 2024: AED 7.8 million) that is netted off from the loan balance.

Term loan 2

On 12 March 2020, a subsidiary of the Company, Al Ghazal Transport, obtained a term loan facility from a local bank amounting to AED 80 million for purchase of vehicles. This term loan facility was subsequently renewed to AED 105 million. The loan is repayable in equal monthly instalments. During the year ended 31 December 2025, Al Ghazal drew down an additional AED 77 million under the same facility. The facility carries a variable annual interest rate plus a spread. The carrying amount of this loan as at 31 December 2025 was AED 78 million (31 December 2024: AED 36 million). The loan amount included AED 221 thousand in accrued interest as at 31 December 2025. The facility is secured by a corporate guarantee issued by Abu Dhabi National Hotels Company PJSC.

Term loan 3

On 11 November 2022, a subsidiary of the Company, Al Ghazal Transport obtained a term loan facility from a local bank of AED 100 million to finance up to 90% of the purchase value of new vehicles for its operations in the UAE. The loan is repayable in equal monthly instalments. Al Ghazal Transport did not draw down the entire facility as at 31 December 2025. The facility carries a variable annual interest rate plus a spread. The carrying amount of this loan as at 31 December 2025 was AED 31 million (31 December 2024: AED 56 million). The loan amount included AED 165 thousand in accrued interest as at 31 December 2025. The facility is secured by a corporate guarantee issued by Abu Dhabi National Hotels Company PJSC.

Term loan 4

On 1 November 2024, a subsidiary of the Group, utilized the revolving credit facility of AED 250 million and withdrawn and amount of AED 50 million. The loan was repaid on 1 November 2025. The carrying amount of the loan as at 31 December 2025 was Nil. The bank borrowing carried a variable annual interest rate plus a spread.

Abu Dhabi National Hotels Company PJSC

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

21 Bank borrowings (continued)

Short-term bank borrowings

In addition, as at 31 December 2025, the Group carries short term loans from three local banks. The carrying amount of these short-term loans as at that date was AED 690 million (31 December 2024: AED 458 million). The loan amount included AED 1.6 million in accrued interest as at 31 December 2025.

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

Debt covenants

As at 31 December 2025, there is no non-compliance of financial covenants.

22 Provision for employees' end of service benefits

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

	2025 AED'000	2024 AED'000
At 1 January	153,505	42,443
Acquired through business combination (Note 33)	4,393	112,472
Service costs for the year	25,672	25,003
Interest expense for the year	7,672	8,936
Paid during the year	(28,991)	(25,570)
(Gain)/loss due to changes in demographic assumptions	(10,376)	710
(Gain)/loss due to changes in financial assumptions	(337)	7,240
Experience loss/(gain)	16,271	(17,729)
At 31 December	<u>167,809</u>	<u>153,505</u>

The provision is recognised based on the following significant assumptions:

	2025 AED'000	2024 AED'000
Average annual rate of salary increases	3.55%	4.25%
Discount rate	4.85%	5.1%

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

Abu Dhabi National Hotels Company PJSC

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

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

Demographic assumptions for mortality, withdrawal and retirement were used in valuing the liabilities and benefits under the plan. The withdrawal rate is age-based, ranging from 43% per annum at age 20 to 1.5% per annum for ages 53 and above. Additionally, the retirement age for employees in UAE is assumed to be 60 years.

The average duration of the liability is estimated to be 12 years.

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

Sensitivity analysis

The liability would be higher by AED 2,305 thousand (2024: AED 11,772 thousand) had the discount rate used in the assumption been lower by 1% and the liability would be lower by AED 1,892 thousand had the discount rate used in the assumption been higher by 1%.

The liability would be higher by 2,273 thousand (2024: AED 11,755 thousand) had the salary rate used in the assumption been higher by 1% and the liability would be lower by AED 1,915 thousand (2024: AED 11,375 thousand) had the salary increase rate used in the assumption been lower by 1%. The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant.

For mortality rates, a 10% increase would result in a decrease in liability of AED 2,083 while a 10% decrease would result in an increase in liability of AED 2,083. Regarding withdrawal rates, a 10% increase would lead to a decrease in liability of AED 2,080 whereas a 10% decrease would result in a decrease in liability of AED 2,086.

Risks and uncertainties

a) Volatility, cashflow and economic risks

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

b) Regulatory risk

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

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

Abu Dhabi National Hotels Company PJSC

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

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

Risks and uncertainties (continued)

c) Liquidity and balance sheet risk

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

d) Increasing salary escalation

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

e) Discount rate risk

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

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

Pension contribution

The pension charge for the year ended 31 December 2025 is AED 14,254 thousand (2024: AED 13,287 thousand). The pension contribution is towards the state pension fund therefore accounted for as a defined contribution.

23 Lease liabilities

	2025 AED'000	2024 AED'000
At 1 January	40,472	7,176
Acquired through business combination (Notes 32,33)	5,740	53,271
Additions	10,948	10,203
Accretion of interest	3,672	2,307
Payments	(42,246)	(32,485)
At 31 December	<u>18,586</u>	<u>40,472</u>

Abu Dhabi National Hotels Company PJSC

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

23 Lease liabilities (continued)

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

	2025 AED'000	2024 AED'000
Non-current	6,865	15,578
Current	11,721	24,894
	<u>18,586</u>	<u>40,472</u>

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

	2025 AED'000	2024 AED'000
Finance cost paid on lease liabilities (Note 29)	3,672	2,307
Principal element of lease liabilities	<u>38,574</u>	<u>30,178</u>

24 Trade and other payables

	2025 AED'000	2024 AED'000
Trade payables	338,230	337,435
Accrued liabilities	336,346	292,230
Directors' remuneration	18,250	16,500
Due to related parties (Note 30)	7,592	2,804
Other payables	218,183	266,556
	<u>918,601</u>	<u>915,525</u>

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

25 Revenue from contracts with customers

	2025 AED'000	2024 AED'000
Room revenue	1,002,773	866,685
Catering	1,021,251	734,687
Food and beverage	487,551	455,064
Manpower	485,288	331,630
Transportation revenue	157,913	176,084
Rental revenue	150,156	177,934
Fixed fee service	87,391	70,138
Recreational and wellness facilities	33,551	30,306
Other revenue	60,167	45,085
	<u>3,486,041</u>	<u>2,887,613</u>

Abu Dhabi National Hotels Company PJSC

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

25 Revenue from contracts with customers (continued)

	2025 AED'000	2024 AED'000
Timing of revenue recognition		
At a point in time	1,760,433	1,447,762
Over time	1,725,608	1,439,851
	<u>3,486,041</u>	<u>2,887,613</u>
Geographical markets		
United Arab Emirates	3,431,124	2,887,613
Kingdom of Saudi Arabia	54,917	-
	<u>3,486,041</u>	<u>2,887,613</u>
<i>Assets related to contracts with customers</i>		
Contract assets (Note 12)	<u>93,551</u>	<u>35,872</u>

Unsatisfied contracts

The aggregate amount of the transaction price allocated to the performance obligations of the Group that are fully or partially unsatisfied as at 31 December 2025 is AED 627,583 thousand (31 December 2024: AED 238,822 thousand). The Group expects to recognise the unsatisfied performance obligations as revenue in the next 12 months reporting period of AED 239,073 thousand (2024: AED 206,496 thousand).

26 General and administrative expenses

	2025 AED'000	2024 AED'000
Staff costs (Note 27)	107,325	62,727
Amortization of intangible assets (Note 10)	41,801	30,667
Directors' remuneration	18,500	16,500
Software maintenance and support	7,185	11,698
Depreciation of property and equipment	2,146	1,215
Other expenses	37,013	63,325
	<u>213,970</u>	<u>186,132</u>

The remuneration of the Board of Directors for the year ended 31 December 2025 was AED 18.5 million (2024: AED 16.5 million), which is subject to approval by the Shareholders at the forthcoming Annual General Assembly.

Abu Dhabi National Hotels Company PJSC

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

27 Staff costs

	2025 AED'000	2024 AED'000
Salaries and wages	916,789	766,503
Employees' end of service benefits	33,344	25,003
Other benefits	255,563	150,258
	<u>1,205,696</u>	<u>941,764</u>
Cost of sales	1,098,371	879,037
General and administrative expenses	107,325	62,727
	<u>1,205,696</u>	<u>941,764</u>

28 Other income, net

	2025 AED'000	2024 AED'000
(Loss)/gain on sale of property and equipment	(8,560)	67,064
Gain on bargain purchase (Note 33)	4,290	-
Others	27,394	6,737
	<u>23,124</u>	<u>73,801</u>

29 Finance costs

	2025 AED'000	2024 AED'000
Interest expense on bank loans	86,850	111,708
Interest expense on lease liabilities (Note 23)	3,672	2,307
	<u>90,522</u>	<u>114,015</u>

30 Related party transaction and balances

Related parties represent Joint ventures, associates, managed hotels, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. In the ordinary course of business, the Group receives goods and services from, and provides goods and services to, such enterprises on rates, terms and conditions agreed between the parties.

Terms and conditions of transactions with related parties

The sales to and services from related parties are made at normal market prices. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

For the year ended 31 December 2025, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Abu Dhabi National Hotels Company PJSC

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

30 Related party transaction and balances (continued)

Terms and conditions of transactions with related parties (continued)

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

	2025 AED'000	2024 AED'000
Due from related parties (Note 12)		
Al Rushaid Construction Co. Ltd	23,931	-
Jac Rijk Al Rushaid	3,030	-
High Spirits LLC	2,952	1,082
Saipem Taqa Al Rushaid Fabricators Co.Ltd	2,002	-
Others	3,222	7,222
	<u>35,137</u>	<u>8,304</u>
Due to related parties (Note 24)		
High Spirits LLC	2,144	2,804
Abdullah Rasheed Al Rushaid	4,919	-
Others	529	-
	<u>7,592</u>	<u>2,804</u>

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

	2025 AED'000	2024 AED'000
Management fees received	4,108	4,059
Sales of goods and services to joint ventures	1,416	1,991
Purchase of goods and services from joint ventures	21,415	11,745
Sales of goods and other services to other related parties	-	7,039
Key management compensation		
Short term benefits	25,959	18,754
Employees' end of service benefits	3,267	2,933
	<u>29,226</u>	<u>21,687</u>
Board remuneration (Note 26)	<u>18,500</u>	<u>16,500</u>

31 Basic and diluted earnings per share

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

Abu Dhabi National Hotels Company PJSC

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

31 Basic and diluted earnings per share (continued)

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

	2025 AED'000	2024 AED'000
Profit attributable to owners of the Company	1,084,127	1,327,096
Weighted average number of shares in issue- excluding own shares ('000)	12,597,851	12,479,107
Basic and diluted earnings per share	<u>0.09</u>	<u>0.11</u>

32 Acquisition of Food Nation Catering Services LLC

During March 2025, the Group acquired control of Food Nation Catering Services LLC through a 100% acquisition of the shareholding, making the entity a wholly owned subsidiary of the Group.

The acquired company is specialised in providing high-quality catering services, particularly within the education sector. The acquisition of Food Nation Catering Services LLC is expected to increase the Group's market share in this sector.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value. The excess of the fair value of the consideration transferred over the fair value of the net assets acquired has been recorded as "goodwill" in the consolidated statement of financial position.

The acquisition accounting was performed on a provisional basis and will be completed within a year as permitted under IFRS 3 after finalising the valuation of the acquired assets and liabilities. The provisional amounts will be adjusted to reflect any new information that would be obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised as at that date.

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

	31 March 2025 AED'000 (Unaudited)
Assets	
Property and equipment	842
Right-of-use assets	1,287
Intangible assets	1,219
Trade and other receivables	1,994
Inventories	150
Cash and cash equivalents	3,493
	<u>8,985</u>

Abu Dhabi National Hotels Company PJSC

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

32 Acquisition of Food Nation Catering Services LLC (continued)

	31 March 2025 AED'000 (Unaudited)
Liabilities	
Lease liabilities (Note 23)	1,239
Income tax provision	64
Trade and other payables	7,630
Deferred income tax liabilities (Note 34)	108
	<u>9,041</u>
Fair value of purchase consideration	
- Initial consideration paid in cash	4,255
- Consideration payable	1,168
	<u>5,423</u>
Add: fair value of net identifiable liabilities acquired	57
Goodwill recognised	<u>5,480</u>

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

	31 March 2025 AED'000 (Unaudited)
Customer relationships	589
Trademark	631
Goodwill	5,480
	<u>6,700</u>

The goodwill is mainly attributable to the assembled workforce of the acquired business. It will not be deductible for tax purposes.

The fair value of acquired trade receivables is AED 1,896 thousand. The gross contractual amount for trade receivables due is AED 2,062 thousand with a loss allowance of AED 166 thousand recognised on acquisition.

If the acquisition had occurred on 1 January 2025, consolidated pro-forma revenue and profit for the year ended 31 December 2025 would have been AED 3,495,962 thousands and AED 1,143,470 thousands, respectively. These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the Group and the subsidiary (if any).

No material transaction costs were incurred on the acquisition.

Abu Dhabi National Hotels Company PJSC

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

32 Acquisition of Food Nation Catering Services LLC (continued)

Cash outflow on acquisition:	31 March 2025 AED'000 (Unaudited)
Cash consideration paid	4,255
Less: cash acquired with subsidiary	<u>(3,493)</u>
Net outflow of cash – investing activities	<u>762</u>

Besides, cash and cash equivalents of AED 3,493 thousands, all other line items of assets and liabilities are non-cash transactions for the purpose of the consolidated statement of cash flows.

33 Acquisition of ADN H Catering Company LLC (formerly known as Compass Arabia Limited Company)

On 21 August 2025, the Group acquired control over ADN H Catering Company LLC (“entity”) through a purchase of an additional 20% stake, making the entity a 50% owned subsidiary of the Group. The Group has determined its control, due to its ability to appoint the General Manager of the acquiree who is responsible for the overall management of the acquiree.

The Group has elected to account for the acquisition as at 31 August 2025, as events between these two dates are considered to have no material effect on the amounts below.

The acquired company is specialized in world-class catering services. The acquisition of the entity is expected to increase the Groups market share in this sector.

The Group has prepared a purchase price allocation to determine the fair value of the identifiable assets and liabilities of the acquiree.

As a result of this purchase price allocation, the Group has identified customer relationships which have been recognized as an intangible asset and will be amortized over their estimated useful life of 13 years.

The acquisition accounting was performed on a provisional basis and will be completed within a year as permitted under IFRS 3 after finalising the valuation of the acquired assets and liabilities. The provisional amounts will be adjusted to reflect any new information that would be obtained abouts facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised as at that date.

Management has elected to recognise the non-controlling interests at their proportionate share of the acquired net identifiable assets.

Bargain purchase

The fair value of net assets exceeded the purchase consideration, resulting in a bargain purchase gain of approximately AED 4,290 thousands on the acquisition date, recognized in the consolidated statement of profit or loss within other income.

The fair value of the pre-existing interest in Compass on the date of acquisition of control is AED 25,075 thousands.

Abu Dhabi National Hotels Company PJSC

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

33 Acquisition of ADNH Catering Company LLC (formerly known as Compass Arabia Limited Company) (continued)

Revenue and profit contribution

If the acquisition had occurred on 1 January 2025, consolidated pro-forma revenue and profit for the year ended 31 December 2025 would have been AED 3,586,581 thousands and AED 1,147,200 thousands, respectively. These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the Group and the subsidiary (if any).

Purchase consideration	31 August 2025 AED'000 (Unaudited)
Cash paid	4,090
Fair value of previously held interest	25,075
	<u>29,165</u>

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

	31 August 2025 AED'000 (Unaudited)
Assets	
Property and equipment	4,155
Right of use assets	4,606
Intangible assets	27,045
Trade and other receivables	61,521
Due from related parties	34,168
Inventories	4,199
Cash and cash equivalents	2,714
	<u>138,408</u>
Liabilities	
Lease liabilities	4,501
Current tax liabilities	693
Trade and other payables	50,104
Provision for end-of-service benefits	4,393
Due to related parties	11,807
	<u>71,498</u>
Fair value of net identifiable assets	<u>66,910</u>
Bargain purchase was calculated as follows:	
Total consideration	29,165
Add: Non-controlling interest at proportionate share of net-identifiable assets	33,455
Less: Fair value of net identifiable assets at acquisition date	(66,910)
Bargain purchase at acquisition date	<u>(4,290)</u>

Abu Dhabi National Hotels Company PJSC

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

33 Acquisition of ADNH Catering Company LLC (formerly known as Compass Arabia Limited Company) (continued)

Purchase consideration (continued)

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

	31 August 2025 AED'000 (Unaudited)
Customer relationships	27,024
Cash outflow on acquisition:	
Cash consideration paid	4,090
Less: cash acquired with the subsidiary	(2,714)
Net outflow of cash – investing activities	<u>1,376</u>

Besides, cash and cash equivalents of AED 2,714 thousands, all other line items of assets and liabilities are non-cash transactions for the purpose of the consolidated statement of cash flows.

34 Income taxes

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

	2025 AED'000	2024 AED'000
Current tax	56,043	35,236
<i>Deferred tax</i>		
Decrease in deferred tax liabilities	<u>(4,333)</u>	<u>(2,733)</u>
	<u>51,710</u>	<u>32,503</u>

Reconciliation of tax expense and the accounting profit multiplied by the Group's domestic tax rate for 2025:

	2025 AED'000	2024 AED'000
Profit before income tax	<u>1,197,575</u>	<u>1,367,790</u>
Tax using the Group's tax rate of 9%	107,782	123,101
<i>Tax effect of amounts which are not deductible (taxable) i calculating taxable income:</i>		
Gain on previously held equity interest in joint venture	-	(82,477)
Exempt income	(51,978)	-
Share of net profit of investments accounted for using the equity method	(3,184)	-
Gain on previously held equity interest in a joint venture	(1,185)	-
Gain on sale of immovable property	-	(3,593)
Donations, grants, gifts to non-Qualifying Public Benefit Entities disallowed	195	63
Miscellaneous	80	(4,591)
	<u>51,710</u>	<u>32,503</u>

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

34 Income taxes (continued)

For determining the tax expense for the year, the accounting profit has been considered for tax purposes. The average effective tax rate is approximately 4.32% (2024: 2.38%).

The movement in current tax liability is given below:

	2025 AED'000	2024 AED'000
At 1 January	42,325	-
Acquired through business combination	757	7,089
Charge for the year	56,043	35,236
Paid during the year	(42,792)	-
Income tax charged through OCI	(623)	-
At 31 December	<u>55,710</u>	<u>42,325</u>

Amounts recognised directly in equity:

	2025 AED'000	2024 AED'000
Aggregate deferred tax arising in the reporting period and not recognised in profit or loss but directly debited or credited to equity:		
Deferred tax: revaluation of land	<u>31,824</u>	<u>-</u>

Deferred tax liabilities movement during the period:

	Intangible assets AED'000	Right-of- use assets AED'000	Lease liabilities AED'000	Asset revaluation reserve AED'000	Total AED'000
At 1 January 2025	70,842	(736)	55	-	70,161
Acquired through business combination	109	-	-	-	109
(Charge)/credit:					
To profit or loss	(4,350)	23	(6)	-	(4,333)
To other comprehensive income	-	-	-	31,824	31,824
At 31 December 2025	<u>66,601</u>	<u>(713)</u>	<u>49</u>	<u>31,824</u>	<u>97,761</u>

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

The Group is not in scope of the Pillar 2 legislation, and does not anticipate being within scope in the following period.

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

35 Segment information

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

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

Operating segments

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

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

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

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

35 Segment information (continued)

	Hotels AED '000	Catering services AED '000	Transport services AED '000	Holding company AED '000	Eliminated entries AED '000	Total AED '000
Year ended 31 December 2025						
Revenue from contracts with customers	1,567,651	1,743,156	260,851	-	(85,617)	3,486,041
Cost of sales	<u>(1,036,458)</u>	<u>(1,449,266)</u>	<u>(238,505)</u>	<u>-</u>	<u>86,747</u>	<u>(2,637,482)</u>
Gross profit	531,193	293,890	22,346	-	1,130	848,559
General and administrative expenses	-	(95,382)	(8,924)	(109,664)	-	(213,970)
Net impairment loss of financial assets	(61)	(20,747)	(1,486)	(10,781)	-	(33,075)
Share of profit from associates	-	-	-	1,806	-	1,806
Share of profit from joint ventures	-	996	-	32,576	-	33,572
Gain on previously held equity interest in joint venture	-	13,169	-	-	-	13,169
Fair value gain on financial assets at FVTPL	-	-	-	15,573	-	15,573
Other income	-	-	-	577,535	-	577,535
Reversal of impairment	-	4,348	22,823	(2,917)	(1,130)	23,124
Finance income	-	1,153	-	20,651	-	21,804
Finance costs	<u>(79,965)</u>	<u>(5,301)</u>	<u>(5,256)</u>	<u>-</u>	<u>-</u>	<u>(90,522)</u>
Profit before income tax	<u>451,167</u>	<u>192,126</u>	<u>29,503</u>	<u>524,779</u>	<u>-</u>	<u>1,197,575</u>
Income tax expense						(51,710)
Profit after tax						<u>1,145,865</u>
31 December 2025						
Total assets	<u>9,964,582</u>	<u>1,251,995</u>	<u>180,844</u>	<u>7,843,701</u>	<u>(4,732,631)</u>	<u>14,508,491</u>
Total liabilities	<u>2,701,584</u>	<u>638,016</u>	<u>180,844</u>	<u>1,854,908</u>	<u>(2,372,154)</u>	<u>3,003,198</u>

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

35 Segment information (continued)

	Hotels AED '000	Catering services AED '000	Transport services AED '000	Holding company AED '000	Eliminated entries AED '000	Total AED '000
Year ended 31 December 2024						
Revenue from contracts with customers	1,402,669	1,259,407	304,093	-	(78,556)	2,887,613
Cost of sales	(988,748)	(1,070,901)	(263,775)	-	83,349	(2,240,075)
Gross profit	<u>413,921</u>	<u>188,506</u>	<u>40,318</u>	<u>-</u>	<u>4,793</u>	<u>647,538</u>
General and administrative expenses	-	(52,374)	(8,820)	(124,938)	-	(186,132)
Net impairment loss of financial assets	1,625	(9,228)	(2,177)	(11,843)	-	(21,623)
Share of profit from associates	-	-	-	1,941	-	1,941
Share of profit from joint ventures	-	1,193	-	42,414	-	43,607
Gain on previously held equity interest in joint venture	-	-	-	916,409	-	916,409
Fair value gain on financial assets at FVTPL	-	-	-	1,788	-	1,788
Other income	-	-	11,947	66,647	(4,793)	73,801
Finance income	-	-	-	4,476	-	4,476
Finance costs	(103,259)	(3,323)	(7,433)	-	-	(114,015)
Profit before income tax	<u>312,287</u>	<u>124,774</u>	<u>33,835</u>	<u>896,894</u>	<u>-</u>	<u>1,367,790</u>
						<u>(32,503)</u>
						<u>1,335,287</u>
31 December 2024						
Total assets	<u>9,557,531</u>	<u>1,201,922</u>	<u>248,156</u>	<u>2,472,248</u>	<u>(205)</u>	<u>13,479,652</u>
Total liabilities	<u>1,887,293</u>	<u>655,685</u>	<u>153,198</u>	<u>278,684</u>	<u>(56,453)</u>	<u>2,918,407</u>

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

Abu Dhabi National Hotels Company PJSC

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

36 Contingencies and commitments

(a) *Bank guarantees:*

	2025 AED'000	2024 AED'000
Bank guarantees	<u>450,153</u>	<u>334,973</u>
Within one year	5,153	42,129
Between one and two years	3,677	34,461
Above two years	<u>441,323</u>	<u>258,383</u>
	<u>450,153</u>	<u>334,973</u>

Besides the above, the Group has provided a corporate guarantee as at 31 December 2025 amounting to AED 450 million (31 December 2024: AED 455 million) against borrowings obtained by the subsidiaries. The utilized balance for the underlying borrowings was AED 109 million (2024: AED 142 million).

(b) *Capital commitments:*

The estimated capital expenditure contracted for at 31 December 2025 amounts to AED 254.3 million (2024: AED 98.4 million).

37 Reconciliation of liabilities arising from financing activities

	2025 AED'000	2024 AED'000
Cash and bank balances	1,095,917	571,072
Borrowings – repayable within one year	(850,381)	(697,967)
Borrowings – repayable over one year	(894,350)	(998,451)
Lease liabilities – repayable within one year	(11,721)	(24,894)
Lease liabilities – repayable over one year	<u>(6,865)</u>	<u>(15,578)</u>
Net debt	<u>(667,400)</u>	<u>(1,165,818)</u>

Abu Dhabi National Hotels Company PJSC

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

37 Reconciliation of liabilities arising from financing activities (continued)

	Other assets			Liabilities from financing activities		
	Cash and cash equivalent AED'000	Borrowings – repayable within one year AED'000	Bank borrowing – repayable within one year AED'000	Lease liabilities – repayable within one year AED'000	Lease liabilities – repayable over one year AED'000	Total AED'000
Net debt						
As at 1 January 2025	571,072	(697,967)	(998,451)	(24,894)	(15,578)	(1,165,818)
Cash flows	524,845	(152,414)	104,101	13,173	8,713	498,418
As at 31 December 2025	<u>1,095,917</u>	<u>(850,381)</u>	<u>(894,350)</u>	<u>(11,721)</u>	<u>(6,865)</u>	<u>(667,400)</u>
As at 1 January 2024	377,168	(470,102)	(1,156,185)	(7,176)	-	(1,256,295)
Cash flows	193,904	(227,865)	157,734	(17,718)	(15,578)	90,477
As at 31 December 2024	<u>571,072</u>	<u>(697,967)</u>	<u>(998,451)</u>	<u>(24,894)</u>	<u>(15,578)</u>	<u>(1,165,818)</u>