

A D N H Catering plc

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

A D N H Catering plc

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

	Pages
Directors' report	1 - 3
Independent auditor's report	4 - 11
Consolidated statement of financial position	12
Consolidated statement of profit or loss	13
Consolidated statement of comprehensive income	14
Consolidated statement of changes in equity	15
Consolidated statement of cash flows	16 - 17
Notes to the consolidated financial statements	18 - 86

A D N H Catering plc

Directors' report for the year ended 31 December 2025

Dear valued Shareholders,

Peace be upon you

On behalf of the Board of Directors of A D N H Catering plc and 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 for their continuous support for, and custodianship of, the economy and business environment of the United Arab Emirates.

Overview of our Business

ADNH Catering is the UAE's largest food services company, leveraging decades of experience and expertise in the catering industry. In addition to Food Services, the Company also offers Support Services including cleaning, laundry, pest control and manpower supply. The Company is part of ADNHC (Abu Dhabi National Hotels Company PJSC) known for its expertise in hospitality and food services. ADNHC sold its first food service contract in 1979, marking its presence as an early mover in the industry.

ADNH Catering offers a range of services, including corporate catering, event catering, and food solutions for various sectors such as healthcare, education, defence, business & industry, and others. The Company provides catering and food services through on-site kitchens or centralized hubs, depending upon each client's specific requirements and the contract signed. This flexibility allows ADNHC to deliver high-quality service and innovative culinary offerings tailored to diverse client needs. ADNHC is recognized for its high-quality standards, innovative culinary offerings, and commitment to customer satisfaction. It also offers Support Services including cleaning & housekeeping, manpower supply, integrated facilities management (IFM), and procurement services. The company provides these bundled services and IFM by partnering with IFM companies.

The ADNHC Catering Group Structure

The consolidating entities that operate on a unified basis in the United Arab Emirates comprise:

ADNH Catering Abu Dhabi - UAE

ADNH Catering Dubai - UAE

ADNH Catering Sharjah - UAE

Food Nation - UAE

ADNH Catering Company LLC - KSA

A D N H Catering plc

Directors' report for the year ended 31 December 2025 (continued)

The ADN H Catering Group Structure (continued)

As described in the consolidated financial statements, we completed two inorganic acquisitions in the financial year. Firstly, Food Nation was acquired on 31 March 2025 with the objective of extending the reach of our educational catering business. The second was a step-up acquisition of Compass Arabia LLC in the Kingdom of Saudi Arabia), now renamed as ADN H Catering Company LLC, to enable us to project our strong business model to the Kingdom of Saudi Arabia by increasing our shareholding to 50% and having operational control thereon.

Our Vision

The Group's vision is to be a leader of contract food services and support services in its markets, maximising value for its shareholders.

Our Mission

The mission of the Group is to focus on organic and inorganic growth and diversification, whilst delivering industry-setting standards of service in the communities and markets where we operate.

Members of the Board of Directors

The Board consists of 7 Directors of which there is one Executive Director and six Non-Executive Directors, four of whom are independent Directors, as follows:

Mr. Khalaf Al Dhaheri, Chairman, Independent Non-executive director

Ms. Rauda Abdulla Sorour Aldhaheri, Independent Non-executive director

Mr. Darwish Al Ketbi, Independent Non-executive director

Mr. Khalid Anib, Non-executive director

Mr. Mohamed Khalaf Al Otaiba, Independent Non-executive director

H.E. Sheikh Ahmed Al Dhahiri, Non-executive director

Mr. Clive Cowley, Executive director

Commentary on the financial year ended 31 December 2025

In line with our growth ambitions the company achieved organic growth with the future annual revenue from new contracts won in the year of AED 154 million, whilst achieving contract retention of 98.2%. These were boosted by volume growth in ongoing contracts, the step-up acquisition of the Saudi JV in Q3 and the acquisition of 100% of Food Nation LLC in Q1.

A D N H Catering plc

Directors' report for the year ended 31 December 2025 (continued)

Commentary on the financial year ended 31 December 2025 (continued)

On a statutory basis, in the twelve year ended 31 December 2025 the business reported Consolidated Revenue of AED 1,743 million compared to AED 1,892 million for the fifteen-month period ended 31 December 2024. Operating Profits were AED 195 million (11.2% of revenue) in the twelve-month period to 31 December 2025, whereas in the fifteen-month period to 31 December 2024 Operating Profits were AED 201 million (10.6% of revenue). In the twelve-month year to 31 December 2025 we recorded a corporate taxation provision of AED 16.3 million, compared to AED 18.1 million in the fifteen-month period to 31 December 2024.

Outlook for 2026 and beyond

We are confident that our diversified business model and strategic growth roadmap together put us in an excellent position to further increase our market share in the UAE, and leverage on our sector expertise in the UAE to drive the expansion of our Saudi Catering Business across various sectors and provinces in KSA. Market conditions in the UAE and KSA are favourable for our business, and we will drive further growth in the UAE and KSA on the back of such strong market dynamics.

Returns to shareholders

In November 2025, in line with our announced dividend policy, an interim dividend of AED 90 million was paid equivalent to 4 Fils per share. The Board of Directors recommends a final cash dividend distribution of AED 90 million in April 2026. This represents 80.0% of share capital and is equivalent to an annual return of 8 Fils per share.

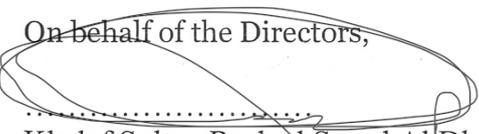
Recognition and appreciation

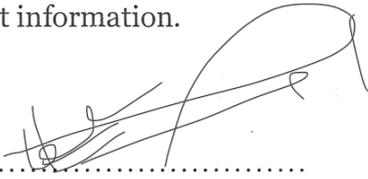
We would like to express our appreciation for the commitment and support of our Board of Directors. Similarly, on behalf of the Board of Directors and the Shareholders I wish to thank the management and employees of ADN H Catering for their continued efforts and achievements.

Statement of disclosure to auditors

The Directors of A D N H Catering plc certify that as far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the Directors,


Khalaf Sultan Rashed Saeed Al Dhaheri
Chairman


Sheikh Ahmed Mohammed Sultan Suroor Aldhahiri
Vice Chairman

 (0)



Independent auditor's report to the shareholders of A D N H Catering plc

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 A D N H Catering plc (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 A D N H Catering plc (continued)

Independence

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

Our audit approach

Overview

Key audit matters	• Acquisition of subsidiaries.
	• Impairment assessment of 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.

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 A D N H Catering plc (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><u>Acquisition of subsidiaries (the "acquisitions")</u></p> <p>During the year ended 31 December 2025, A D N H Catering L.L.C - O.P.C, the subsidiary of A D N H Catering plc (the "subsidiary") acquired 100% of the shares of Food Nation Catering Services LLC and an additional 20% interest in ADN H Catering Company LLC (together the "acquisitions").</p> <p>The acquisitions were accounted for in accordance with IFRS 3 <i>Business Combinations</i> - acquisition method.</p> <p>Management engaged independent external valuation specialists to perform the Purchase Price Allocation ("PPA"), including the determination of fair values of the assets acquired and liabilities assumed, and the identification and valuation of the intangible assets.</p> <p>The accounting for the acquisitions required a significant judgement and estimation in relation to the valuation methodologies and key assumptions applied, including discount rates, revenue growth rates and other valuation inputs. As a result, we considered the accounting for the acquisitions to be a key audit matter.</p> <p>Refer to Note 2.2 for the Group's accounting policy and Notes 25 and 26 for disclosures related to the acquisitions.</p>	<p>We performed the following audit procedures over the acquisition transactions:</p> <ol style="list-style-type: none">1. Obtained and reviewed the Sale and Purchase Agreement ("SPA") in respect to these transactions;2. Assessed whether management's assumptions in relation to the accounting for the transactions is in accordance with the requirements of IFRS 3 <i>Business Combinations</i>;3. Agreed the fair values of the assets and liabilities determined by the management to the amounts presented in the consolidated financial statements;4. On a sample basis, performing audit procedures, over the assets acquired and liabilities assumed in the PPA;5. Evaluated, with the involvement of our internal experts, the methodologies and significant inputs used by the Group including the identification of intangible assets and determining goodwill;6. Assessed, with the involvement of our internal experts, the fair values of a sample of the assets acquired and liabilities assumed; and7. Assessed the adequacy of disclosures in the consolidated financial statements relating to these transactions with reference to the IFRS Accounting Standards.



Independent auditor's report to the shareholders of A D N H Catering plc (continued)

Our audit approach (continued)

Key audit matters (continued)

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><u>Impairment assessment of goodwill</u></p> <p>As of 31 December 2025, the Group carried goodwill of AED 93.5 million, representing 7.5% of the Group's total assets. In accordance with IAS 36 Impairment of Assets, an entity is required to test goodwill for impairment at least annually irrespective of whether there is any indication of impairment.</p> <p>We considered the impairment of goodwill to be a key audit matter, given the method for determining the recoverable amount and the significance of the balance in the Group's consolidated financial statements. In addition, the recoverable amounts are based on the use of key assumptions and estimates made by management, in particular future cash flow projections, discount rates and long-term growth rates. Management determined that the recoverable amount of goodwill 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.</p> <p>Refer to Note 2.23 which explains the accounting policy and Notes 4.2 and 7 for related accounting estimates, valuation methodology and goodwill balance.</p>	<p>We performed the following procedures over the impairment assessment of the goodwill:</p> <ol style="list-style-type: none">1. Evaluated the reasonableness of the impairment assessment models used by management to calculate the value in use;2. On a sample basis, reviewed the key assumptions including future cash flow projections used by management in determining the recoverable amount of the cash generating units;3. Engaged our valuation specialists to assess the discount rates, long term growth rates and valuation methodology used by management in the impairment assessment models;4. Performed sensitivity analysis over the key assumptions applied by management;5. Assessed the mathematical accuracy of the impairment assessment models; and6. Assessed the adequacy of disclosures in the consolidated financial statements relating to this matter with reference to the IFRS Accounting Standards.



Independent auditor's report to the shareholders of A D N H Catering plc (continued)

Our audit approach (continued)

Key audit matters (continued)

How we tailored our group audit scope

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.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report and 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.



Independent auditor's report to the shareholders of A D N H Catering plc (continued)

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 ADGM Companies Regulations 2020, as amended, the ADGM Companies Regulations (International Accounting Standards) Rules 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Independent auditor's report to the shareholders of A D N H Catering plc (continued)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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



Independent auditor's report to the shareholders of A D N H Catering plc (continued)

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

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

Report on other legal and regulatory requirements

As required by the Abu Dhabi Global Market ("ADGM") Companies Regulations 2020, as amended, and the ADGM Companies Regulations (International Accounting Standards) Rules 2015, we report that:

- the consolidated financial statements have been prepared, in all material respects, in accordance with the applicable requirements of the ADGM Companies Regulations 2020, as amended, and the ADGM Companies Regulations (International Accounting Standards) Rules 2015; and
- the information given in the Directors' report is consistent with the consolidated financial statements of the Group.

For and on behalf of PricewaterhouseCoopers Limited Partnership (ADGM Branch)

Imran Massey
05 February, 2026

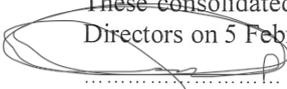
A D N H Catering plc

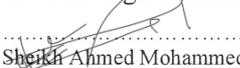
Consolidated statement of financial position

	Note	As at 31 December	
		2025 AED	2024 AED
ASSETS			
Non-current assets			
Property and equipment	5	20,503,600	16,702,679
Right-of-use assets	6	45,998,364	60,595,550
Intangible assets	7	303,496,262	280,732,728
Investment in a joint venture	8	-	10,910,760
Total non-current assets		369,998,226	368,941,717
Current assets			
Inventories	9	16,324,862	14,574,074
Trade and other receivables	10	672,510,240	660,116,452
Due from related parties	11	30,839,177	10,979,488
Deferred tax assets	27	55,341	-
Cash and cash equivalents	12	162,267,055	190,226,355
Total current assets		881,996,675	875,896,369
Total assets		1,251,994,901	1,244,838,086
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	225,000,000	225,000,000
Statutory reserve	13	10,000,000	10,000,000
Additional contributed capital	13	142,354,198	142,354,198
Own shares	14	(11,617,780)	(20,685,738)
Other reserve	16	5,231,950	6,249,032
Retained earnings		118,386,938	123,703,608
Proposed dividends	13	90,000,000	60,000,000
Capital and reserves attributable to equity holders of the Parent		579,355,306	546,621,100
Non-controlling interests	29	34,599,736	-
Total equity		613,955,042	546,621,100
LIABILITIES			
Non-current liabilities			
Provision for employees' end of service benefits	16	122,050,633	114,319,760
Lease liabilities	15	22,127,396	24,481,384
Deferred tax liabilities	27	16,519,512	17,323,775
Total non-current liabilities		160,697,541	156,124,919
Current liabilities			
Trade and other payables	17	417,445,120	418,617,421
Bank borrowings	18	-	50,484,586
Due to related parties	11	21,287,727	21,668,363
Lease liabilities	15	21,307,681	31,985,560
Current tax liabilities	27	17,301,790	19,336,137
Total current liabilities		477,342,318	542,092,067
Total liabilities		638,039,859	698,216,986
Total equity and liabilities		1,251,994,901	1,244,838,086

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 5 February 2026 and signed on its behalf by:


Khalaf Sultan Rashed
Saeed Al Dhaheri
Chairman


Sheikh Ahmed Mohammed
Sultan Suroor Aldhahiri
Vice Chairman


Clive William Cowley
Chief Executive Officer


Anthony Deniol Childers
Chief Financial Officer

The notes on pages 18 to 86 are an integral part of this consolidated financial statements.

(12)



A D N H Catering plc

Consolidated statement of profit or loss

	Note	For the year ended 31 December 2025 AED	For the fifteen- month period ended 31 December 2024 AED
Revenues from contracts with customers	19	1,743,156,153	1,892,221,993
Direct costs	20	(1,449,314,927)	(1,594,013,184)
Gross profit		<u>293,841,226</u>	<u>298,208,809</u>
General and administrative expenses	21	(95,333,775)	(88,231,567)
Provision for impairment of financial assets	10	(20,747,003)	(9,228,153)
Other income	24	4,347,767	262,468
Gain on previously held equity interest in joint venture	8	13,168,738	-
Operating profit		<u>195,276,953</u>	<u>201,011,557</u>
Finance income	23	1,153,294	3,128,994
Finance costs	23	(5,301,451)	(4,562,652)
Finance costs - net		<u>(4,148,157)</u>	<u>(1,433,658)</u>
Share of profit of investment accounted for using the equity method	8	995,726	1,192,879
Profit before income tax		<u>192,124,522</u>	<u>200,770,778</u>
Income tax expense	27	(16,296,333)	(18,053,390)
Profit for the year/period		<u>175,828,189</u>	<u>182,717,388</u>
Profit attributable to:			
Equity holders of the Parent		174,683,330	182,717,388
Non-controlling interests		1,144,859	-
		<u>175,828,189</u>	<u>182,717,388</u>
Basic and diluted earnings per share attributable to ordinary equity holders of the Parent (AED)	28	<u>0.078</u>	<u>0.081</u>

A D N H Catering plc

Consolidated statement of comprehensive income

	For the year ended 31 December 2025 AED	For the fifteen- month period ended 31 December 2024 AED
Profit for the year/period	175,828,189	182,717,388
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss:</i>		
Actuarial (loss)/gain on employees' end of service benefits	16 (1,131,096)	6,249,032
Income tax credit	27 114,014	-
Total other comprehensive (loss)/income for the year/period	<u>(1,017,082)</u>	<u>6,249,032</u>
Total comprehensive income for the year/period	<u>174,811,107</u>	<u>188,966,420</u>
Total comprehensive income for the year/period attributable to:		
Equity holders of the Parent	173,666,248	188,966,420
Non-controlling interests	1,144,859	-
	<u>174,811,107</u>	<u>188,966,420</u>

A D N H Catering plc

Consolidated statement of changes in equity

	Attributable to equity holders of the Parent							Non-controlling interests AED	Total equity AED	
	Share capital AED	Statutory reserve AED	Additional contributed capital AED	Own shares AED	Other reserves AED	Retained earnings AED	Proposed dividends AED			Total AED
At 1 October 2023 (Unaudited)	-	10,000,000	20,000,000	-	-	212,421,946	-	242,421,946	-	242,421,946
Profit for the period	-	-	-	-	-	182,717,388	-	182,717,388	-	182,717,388
Other comprehensive income for the period	-	-	-	-	6,249,032	-	-	6,249,032	-	6,249,032
Total comprehensive income for the period	-	-	-	-	6,249,032	182,717,388	-	188,966,420	-	188,966,420
Transactions with the owners in its capacity as owners:										
Share capital issuance (Notes 13)	3,673	-	-	-	-	-	-	3,673	-	3,673
Business combination of entities under common control (Notes 1)	-	-	276,088,627	-	-	-	-	276,088,627	-	276,088,627
Acquisition of a joint venture from the Parent (Notes 1, 8)	-	-	9,708,096	-	-	-	-	9,708,096	-	9,708,096
Increase in share capital (Note 13)	224,996,327	-	(224,996,327)	-	-	-	-	-	-	-
Purchase of own shares (Note 14)	-	-	-	(20,685,738)	-	-	-	(20,685,738)	-	(20,685,738)
Dividends (Note 13)	-	-	-	-	-	(211,435,726)	-	(211,435,726)	-	(211,435,726)
Proposed dividends (Note 13)	-	-	-	-	-	(60,000,000)	60,000,000	-	-	-
Additional contributed capital (Note 13)	-	-	61,553,802	-	-	-	-	61,553,802	-	61,553,802
At 31 December 2024	225,000,000	10,000,000	142,354,198	(20,685,738)	6,249,032	123,703,608	60,000,000	546,621,100	-	546,621,100
At 1 January 2025	225,000,000	10,000,000	142,354,198	(20,685,738)	6,249,032	123,703,608	60,000,000	546,621,100	-	546,621,100
Profit for the year	-	-	-	-	-	174,683,330	-	174,683,330	1,144,859	175,828,189
Other comprehensive income for the year	-	-	-	-	(1,017,082)	-	-	(1,017,082)	-	(1,017,082)
Total comprehensive income for the year	-	-	-	-	(1,017,082)	174,683,330	-	173,666,248	1,144,859	174,811,107
Transactions with the owners in its capacity as owners:										
Non-controlling interest on acquisition of a subsidiary (Note 26)	-	-	-	-	-	-	-	-	33,454,877	33,454,877
Movement on own shares (Note 14)	-	-	-	9,067,958	-	-	-	9,067,958	-	9,067,958
Dividends (Note 13)	-	-	-	-	-	(90,000,000)	(60,000,000)	(150,000,000)	-	(150,000,000)
Proposed dividends (Note 13)	-	-	-	-	-	(90,000,000)	90,000,000	-	-	-
At 31 December 2025	225,000,000	10,000,000	142,354,198	(11,617,780)	5,231,950	118,386,938	90,000,000	579,355,306	34,599,736	613,955,042

A D N H Catering plc

Consolidated statement of cash flows

		For the year ended 31 December 2025 AED	For the fifteen- month period ended 31 December 2024 AED
	Note		
Cash flows from operating activities			
Profit before income tax		192,124,522	200,770,778
Adjustments for:			
Depreciation of property and equipment	5	18,325,528	18,088,497
Amortisation of right-of-use assets	6	39,447,522	45,203,209
Amortisation of intangible assets	7	10,981,941	7,624,397
Provision of impairment of financial assets	10	20,747,003	9,228,153
Share of profit of investment accounted for using the equity method	8	(995,726)	(1,192,879)
Gain on previously held equity interest in joint venture		(13,168,738)	-
Gain on bargain purchase	24	(4,290,150)	-
Provision/(reversal) of slow moving inventories	9	1,055,125	(1,337,692)
Loss/(gain) on disposal of property and equipment		67,907	(187,368)
Provision for employees' end of service benefits	16	22,320,486	24,900,626
Finance income	23	(1,153,294)	(3,128,994)
Finance costs	23	5,301,451	4,562,652
Operating cash flows before payment of employees' end of service benefits and changes in working capital			
		290,763,577	304,531,379
Employees' end of service benefits paid	16	(20,113,953)	(16,137,482)
Income tax paid	27	(19,942,064)	-
Changes in working capital:			
Inventories		1,542,615	(4,038,351)
Trade and other receivables		39,401,035	23,518,219
Due from related parties		14,308,601	16,062,227
Trade and other payables		(59,350,804)	(81,413,420)
Due to related parties		(13,495,477)	(42,208,900)
Net cash flows generated from operating activities			
		233,113,530	200,313,672
Cash flows from investing activities			
Purchase of property and equipment	5	(17,330,157)	(14,954,409)
Proceeds from disposal of property and equipment		132,213	873,889
Business combination of entities under common control		(2,943,666)	455,837
Finance income received		1,153,294	3,128,994
Net cash flows used in investing activities			
		(18,988,316)	(10,495,689)

A D N H Catering plc

Consolidated statement of cash flows (continued)

		For the year ended 31 December 2025	For the fifteen- month period ended 31 December 2024
	Note	AED	AED
Cash flows from financing activities			
Dividends paid in cash		(150,000,000)	(149,881,924)
Finance cost paid	23	(5,786,037)	(4,078,066)
Bank borrowings	18	85,000,000	50,000,000
Repayment of bank borrowings	18	(135,000,000)	-
Acquisition of own shares		-	(20,685,739)
Principal elements of lease payments	15	<u>(36,298,477)</u>	<u>(40,643,227)</u>
Net cash flows used in financing activities		<u>(242,084,514)</u>	<u>(165,288,956)</u>
Net (decrease)/increase in cash and cash equivalents		(27,959,300)	24,529,027
Cash and cash equivalents at the beginning of the year/period		<u>190,226,355</u>	<u>165,697,328</u>
Cash and cash equivalents at the end of the year/period	12	<u>162,267,055</u>	<u>190,226,355</u>

Significant non-cash transactions have been disclosed in Note 32 to the consolidated financial statements.

A D N H Catering plc

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

1 General information

A D N H Catering plc (the “Company” or “ADNHC” or “Parent”) is a public company limited by shares incorporated on 21 June 2024 under the laws of Abu Dhabi Global Market (“ADGM”), registered under the commercial license number 19524. The registered address of the Company is 2323L, 23rd Floor, Sky Towers, Shams Abu Dhabi, Al Reem Island, Abu Dhabi, United Arab Emirates (“UAE”). The Company’s shares are listed on Abu Dhabi Securities Exchange (“ADX”). The Company and its subsidiaries as defined below are together referred as “the Group”.

ADNHC was a wholly owned subsidiary of Abu Dhabi National Hotels Company PJSC (“Ultimate Parent Company”, or “ADNH PJSC” or “the Ultimate Controlling Company”), a public shareholding company listed on the Abu Dhabi Securities Exchange, which was incorporated in Abu Dhabi, 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.

On 23 October 2024, the Ultimate Controlling Company sold 40% of the shares of the Company on Abu Dhabi Securities Exchange (“ADX”).

During 2024, the Group has changed its financial year from “1 October to 30 September” to “1 January to 31 December”, in order to align itself with the year end of its Ultimate Parent Company, Abu Dhabi National Hotels Company PJSC. Since the Group started this financial period on 1 October 2023, the Group’s first consolidated financial statements have been prepared for the fifteen-month period ended 31 December 2024 (first fiscal year).

The results on the consolidated statement of profit or loss for the twelve-month year ended 31 December 2025 are not comparable to the results of the fifteen-month period ended 31 December 2024.

The average number of employees during the year/period ended 31 December 2025 was 18,093 (for the fifteen-month period ended 31 December 2024: 17,025).

The principal activity of the Company is to act as a holding company for the entities within the Group. The principal activities of the subsidiaries are to provide catering, cleaning and other services to hospitals, camps, onshore and offshore oilfields, defence/military, airports, shopping malls, universities and schools, palaces and other facilities.

Below is the list of subsidiaries of the Company:

Name of subsidiary	Area of domicile	Principal activities	Ownership interest	
			31 December 2025	31 December 2024
<u>Direct</u>				
ADNH Catering LLC OPC	UAE	Catering & contract services	100%	100%

ADNH Catering plc

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

1 General information (continued)

Below is the list of subsidiaries of the ADNH Catering LLC OPC:

Name of subsidiaries	Area of domicile	Principal activities	Ownership interest	
			31 December 2025	31 December 2024
<u>Indirect</u>				
ADNH Catering LLC	UAE	Catering	100%	100%
ADNH Catering LLC SP	UAE	Catering	100%	100%
Food Nation Catering Services LLC	UAE	Catering	100%	-
ADNH Catering Company LLC	KSA	Catering	50%	30%

2 Material accounting policies

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

2.1.1 Basis of preparation

The consolidated financial statements 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, under the historical cost convention, unless otherwise stated.

These consolidated financial statements are presented in UAE Dirhams ("AED"), which is the functional and reporting currency of the Company/Group. The Company has utilised the exemption from ADGM in order to prepare their consolidated financial statements in AED instead of US Dollar.

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards which requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Going concern

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

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

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

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 these 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.

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 31 December 2025, 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).

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

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

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

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

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.

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.

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

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

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

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’;
- 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.

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

2 Material accounting policies (continued)

2.2 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 (if any). For each business combination, the Group has a policy choice 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. Management has elected to use the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

When the Group obtains control of a business that was previously accounted for as an associate or joint venture, the transaction is treated as a business combination achieved in stages in accordance with IFRS 3 - Business Combinations.

The Group remeasures its previously held equity interest to its fair value at acquisition date, with any resulting gain or loss recognized in profit or loss in accordance with IFRS 3;

The cost of acquisition is determined as the aggregate of (i) the fair value of the previously held interest, and (ii) the consideration transferred for the additional interest; the identifiable assets acquired and liabilities assumed are recognized at their acquisition-date fair values; any resulting goodwill is recognized as the excess of the total consideration and non-controlling interest over the fair value of identifiable net assets acquired; and subsequent to the acquisition, the subsidiary's results are fully consolidated from the date control is obtained.

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

2 Material accounting policies (continued)

2.3 Business combinations under common control

During the period ended 31 December 2024, ADNHC Abu Dhabi has acquired 100% of the shares of ADNHC Dubai and ADNHC Sharjah from the Ultimate Controlling Parent. This transaction was considered a common control transaction as these entities will continue to be controlled by ADNH PJSC both before and after the business combination. Considering that these acquisitions are considered to be outside the scope of IFRS 3 “Business Combinations”, Management has chosen the predecessor accounting method for these transactions. The predecessor accounting method was considered to involve the combining parties being presented as if they had always been combined. To this effect, the Group has accounted for the acquisitions from the beginning of the period in which the combination occurs (i.e., from the date when these entities were under the common control of ADNH PJSC).

The acquisitions have been accounted for using the predecessor accounting method as follows:

- Assets and liabilities of the subsidiaries acquired, are reflected at their carrying amounts and no adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the acquisition that would otherwise be done under the acquisition method;
- No goodwill was recognised as a result of the acquisitions, except to the extent that existing goodwill was previously recognised in the combining entities.
- The difference between the consideration transferred and the equity of the entities acquired as at the date of the acquisition is reflected within equity as a ‘Additional contributed capital’;
- The statement of profit or loss and retained earnings reflected the results of the subsidiaries starting from the date when these entities were under common control of the Parent;
- The Group has adopted an accounting policy to report the comparative information as if the Group always owned the businesses acquired under common control from the date when such businesses were part of the Group.

2.4 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries as at 31 December 2025.

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; and
- The ability to use its power over the investee to affect its returns.

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

2 Material accounting policies (continued)

2.4 Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee.

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- 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 period 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 (if any), 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.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

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

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

2 Material accounting policies (continued)

2.4 Basis of consolidation (continued)

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.

2.5 Investment in a joint venture

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 joint control are similar to those necessary to determine control over subsidiaries. The Entities' investment in its 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 a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Groups' share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated financial statements of profit or loss reflects the Groups' share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Groups' OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Entities recognise 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 joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group' share of profit or loss of 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, (if any), of the joint venture.

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

2 Material accounting policies (continued)

2.5 Investment in a joint venture (continued)

The consolidated financial statements of the 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 joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the 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 joint venture and its carrying value, and then recognises the loss within 'Share of profit of a joint venture' in the consolidated statement of profit or loss.

Upon loss of significant influence over the 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 joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.6 Zakat and 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.

ADNH Catering Company LLC (KSA) is subject to income tax to the extent of foreign shareholding and Zakat to the extent of the GCC shareholders in accordance with the Zakat, Tax and Customs Authority ("ZATCA") regulations. Income taxes and Zakat are provided on an accrual basis. Income tax and Zakat computation involves relevant knowledge and judgment of the Zakat and income tax rules and regulations to assess the impact of income tax and Zakat liability at a particular period end. This liability is considered an estimate until the final assessment by ZATCA is carried out until which the Company retains exposure to additional Zakat and income tax liability.

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

2 Material accounting policies (continued)

2.6 Zakat and income tax (continued)

Current tax (continued)

A provision is recognized for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination or for transactions that give rise to equal taxable and deductible temporary differences) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

2 Material accounting policies (continued)

2.6 Zakat and income tax (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.7 Revenue

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

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

2 Material accounting policies (continued)

2.7 Revenue (continued)

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

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

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

The Group recognises revenue when it transfers control over product or service to a customer and when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group; and when specific criteria have been met as described below:

i. Catering services

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.

ii. Manpower services

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.

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.

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

2 Material accounting policies (continued)

2.7 Revenue (continued)

iii. Fixed fee services

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.

iv. 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.

v. Non-food supplies

The sale of non-food supplies (such as disposable plates and glasses) 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.

vi. Laundry

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.

vii. Shop sales

The sale of goods (including food, beverage sales and other items) 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.

viii. Other revenues

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

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

2 Material accounting policies (continued)

2.8 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

Depreciation

Items of property and equipment are depreciated on a straight-line basis in consolidated statement of profit or loss over the estimated useful lives of each component.

The estimated useful lives for the current and comparative periods are as follows:

	Years
Leasehold improvements	5 to 10
Operating equipment	3 to 5
Furniture, fixtures and office equipment	3 to 4
Motor vehicles	3 to 4

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

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

2.9 Intangible assets

Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use,
- management intends to complete the software and use or sell it,
- there is an ability to use or sell the software,

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

2 Material accounting policies (continued)

2.9 Intangible assets (continued)

- it can be demonstrated how the software will generate probable future economic benefits,
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Customer contracts

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

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

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

Trade names

Trade names are recognized as intangible assets when acquired, either separately or as part of a business combination. Trade names acquired in a business combination are initially measured at fair value at the acquisition date. Trade names are classified as having either finite or indefinite useful lives. Trade names with finite useful lives are amortized on a straight-line basis over their estimated useful lives and reviewed for impairment when indicators of impairment exist. Trade names with indefinite useful lives are not amortized and are tested annually for impairment, or more frequently when there is an indication that the asset may be impaired.

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

	<i>Years</i>
Software	3
Customer relationships	20
Trade name	8

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

2 Material accounting policies (continued)

2.10 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.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and those overheads that have been incurred in bringing the inventories to their present location and condition and is calculated using the weighted average costing method. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

2.12 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.

2.13 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.

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

2 Material accounting policies (continued)

2.14 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.

2.15 Share capital

Share capital represents the nominal (par) value of shares that have been issued to the shareholder. The Company may issue shares up to its authorised share capital. Each share has a nominal (par) value of AED 0.1 (equivalent to USD 0.027). The Group may issue 1 share against each Additional contributed capital (regardless of the amount contributed) or it may also elect to issue one share against multiple contributions received by the Group during a given reporting period.

2.16 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.

2.17 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.

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

2 Material accounting policies (continued)

2.17 Employee benefits (continued)

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.

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.

Employees' benefits required by Saudi Labor and Workman Law are accrued by the Group and charged to the consolidated statement of profit or loss. The liability is calculated as a defined benefit obligation at the current value of the vested benefits to which the employee is entitled, should the employee leave at the reporting date. Benefit payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia.

2.18 Leases

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

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.

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

2 Material accounting policies (continued)

2.18 Leases (continued)

As a lessee (continued)

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.

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 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.

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

2 Material accounting policies (continued)

2.18 Leases (continued)

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.

2.19 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.

2.20 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.

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

2 Material accounting policies (continued)

2.20 Provisions and contingent liabilities (continued)

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.

2.21 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.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

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

2 Material accounting policies (continued)

2.22 Financial instruments

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. The Group does not have financial assets at fair value.

In order for a financial asset to be classified and measured at amortised cost, 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

Financial assets are subsequently measured at amortised cost (debt instruments, cash and cash equivalents and trade receivables).

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.

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

2 Material accounting policies (continued)

2.22 Financial instruments (continued)

Financial assets (continued)

(d) 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.

(e) 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.

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

2 Material accounting policies (continued)

2.22 Financial instruments (continued)

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 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

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated financial statements 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.

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.

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

2 Material accounting policies (continued)

2.22 Financial instruments (continued)

Financial liabilities and equity instruments (continued)

(c) Derecognition of financial liabilities (continued)

Non-financial assets (continued)

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.

2.23 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 reassesses 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.

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

2 Material accounting policies (continued)

2.23 Goodwill (continued)

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.

2.24 Segment reporting

The Chief Executive Officer (CEO) 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 and is measured consistently with profit or loss in the consolidated financial statements. Operating segments are reported in a manner consistent with the internal reporting provided to the CEO.

2.25 Current versus non-current classification

The Group presents assets and liabilities in the consolidated financial statements 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
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

2.26 Own shares

Own equity instruments that are reacquired (own shares) are recognized at cost and deducted from equity. No gain or loss is recognized in consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized 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 is recognized directly in equity.

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

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and price risk), credit risk and liquidity risk. The Group's overall risk management process seeks to minimise potential adverse effects of these risks on the Group's financial performance.

(a) *Market risk*

(i) *Currency risk*

The currency risk is the risk of fluctuation of the value of financial instruments due to changes in the foreign exchange rates. Most of the Group's transactions are in AED and SAR. The Group is not exposed to significant currency risk from USD Dollar as the AED and SAR are pegged to the US Dollar.

(ii) *Interest rate risks*

The Group is exposed to interest rate risk at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposures to interest rates risk on financial liabilities are detailed in the liquidity risk management section of this note.

At the reporting date the interest rate profile of the Group's interest-bearing financial instrument was:

	31 December 2025 AED	31 December 2024 AED
<i>Fixed rate instruments</i>		
Short term deposit	25,000,000	40,000,000
<i>Variable rate instruments</i>		
Bank borrowings	-	50,484,586
	<u>-</u>	<u>50,484,586</u>

Fair value sensitivity analysis for fixed rate instruments

Term deposits issued at fixed interest rates expose the Group to fair value interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

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

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) *Market risk (continued)*

(ii) Interest rate risks (continued)

Cash flow sensitivity analysis for variable rate instruments

The Group assumes a fluctuation in interest rates of 25 basis points for variable rate instruments at the reporting date and estimates an impact of Nil (for the fifteen-month period ended 31 December 2024: AED 267,379) on the net profit for the year and equity at that date. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(iii) Price risk

Price risk arises from the changes in fair value of equity investments. The Group has no exposure to price risk as it has no equity securities at the reporting date.

(b) *Credit risk*

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 10 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.

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

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (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	31 December 2024 AED
Trade and other receivables	653,391,255	649,495,484
Due from related parties	30,839,177	10,979,488
Cash and cash equivalents	162,267,055	190,226,355
	<u>846,497,487</u>	<u>850,701,327</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.

Bank balances

With respect to bank balances of AED 161,845,146 as at 31 December 2025 (31 December 2024: AED 190,002,203), only banks that are rated A to Aa3, based on Moody's ratings, are accepted.

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

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

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the business, management aims to maintain flexibility in funding by keeping committed credit lines available and support from the shareholders to minimise the risk.

As at 31 December, fair values of the balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than one year	More than one year	Total
31 December 2025			
Trade and other payables	417,445,120	-	417,445,120
Lease liabilities	21,307,681	22,127,396	43,435,077
Due to related parties	21,287,727	-	21,287,727
	<u>460,040,528</u>	<u>22,127,396</u>	<u>482,167,924</u>
31 December 2024			
Bank borrowings	50,484,586	-	50,484,586
Trade and other payables	418,617,421	-	418,617,421
Lease liabilities	31,985,560	24,481,384	56,466,944
Due to related parties	21,668,363	-	21,668,363
	<u>522,755,930</u>	<u>24,481,384</u>	<u>547,237,314</u>

3.2 Capital 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 to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The policies are based on management's assessment of available options, in conjunction with the shareholders. The Group is not exposed to capital risk due to availability of surplus funds.

	31 December 2025 AED	31 December 2024 AED
Bank borrowings	-	50,484,586
Lease liabilities	43,435,077	56,466,944
Less: cash and cash equivalents	<u>(162,267,055)</u>	<u>(190,226,355)</u>
Net debt	(118,831,978)	(83,274,825)
Total equity	<u>613,955,042</u>	<u>546,621,100</u>
Equity and net debt	<u>495,123,064</u>	<u>463,346,275</u>
Gearing ratio	<u>Negative</u>	<u>Negative</u>

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

3 Financial risk management (continued)

3.3 Fair value measurement

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

Fair value hierarchy levels 1 to 3 are 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).

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 judgements and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty are as follows:

4.1 Critical judgements

(a) Business combinations

Accounting for the acquisition of a business requires the allocation of the purchase price to various assets and liabilities of the acquired business. For most assets and liabilities, the purchase price allocation is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of assets acquired and liabilities assumed requires judgment by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates and the useful lives of assets.

The Group's management has used all available information to make these fair value determinations in the recent acquisition of the subsidiaries.

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

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

4.1 Critical judgements (continued)

(a) Business combinations (continued)

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 Compass Arabia Limited Company and can appoint the General Manager of Compass Arabia Limited Company. 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 (Note 25, 26).

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

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

4.1 Critical judgements (continued)

(b) 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

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. The Group based its assumptions and estimates on parameters available when the consolidated financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) 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.

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

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

4.2 Estimates and assumptions (continued)

(a) Impairment of trade receivables (continued)

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 receivable amounted to AED 44,210,280 (31 December 2024: AED 23,463,277).

(b) Impairment on inventory obsolescence

Inventories are stated net of allowance for obsolescence. Management has considered the allowance required for inventory obsolescence based on the current economic environment, past obsolescence history. As at 31 December 2025, the impairment amounted to AED 1,224,259 (31 December 2024: AED 1,234,811).

(c) Defined benefit plans

The cost of the defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers a full yield curve which is determined by reference to market yields on high quality US Corporate bonds, which lies within the acceptable range of bond yields in the region. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for UAE and Group strategy. Further details about these obligations and sensitivity analysis are provided in Note 16.

(d) Goodwill

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

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

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

4.2 Estimates and assumptions (continued)

(d) Goodwill (continued)

The recoverable amount is the higher of the fair value less cost of disposal and the value in use. In determining the recoverable amount, management makes estimates and assumptions concerning future revenues, future costs, future working capital, Weighted Average Cost of Capital ("WACC") and future inflation rates (Note 7).

A D N H Catering plc

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

5 Property and equipment

	Leasehold improvements AED	Operating equipment AED	Furniture, fixtures & office equipment AED	Motor vehicles AED	Capital work-in progress AED	Total AED
<i>Cost</i>						
At 1 October 2023 (Unaudited)	2,653,404	46,059,605	19,432,615	1,922,998	931,932	71,000,554
Acquisition through business combination	-	3,286,436	1,954,655	-	323,835	5,564,926
Additions	414,493	4,351,140	5,882,764	-	4,306,012	14,954,409
Transfers	168,554	-	3,753,442	-	(3,921,996)	-
Disposals	-	(10,336,095)	(1,765,622)	(1,446,500)	-	(13,548,217)
At 31 December 2024	<u>3,236,451</u>	<u>43,361,086</u>	<u>29,257,854</u>	<u>476,498</u>	<u>1,639,783</u>	<u>77,971,672</u>
Acquisition through business combination (Notes 25, 26)	-	4,093,169	897,428	5,813	-	4,996,410
Additions	-	6,328,134	11,002,023	-	-	17,330,157
Transfers	-	-	1,272,753	-	(1,272,753)	-
Disposals	-	(5,117,209)	(7,209,585)	-	-	(12,326,794)
At 31 December 2025	<u>3,236,451</u>	<u>48,665,180</u>	<u>35,220,473</u>	<u>482,311</u>	<u>367,030</u>	<u>87,971,445</u>

A D N H Catering plc

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

5 Property and equipment (continued)

	Leasehold improvements AED	Operating equipment AED	Furniture, fixtures & office equipment AED	Motor vehicles AED	Capital work-in progress AED	Total AED
<i>Accumulated depreciation</i>						
At 1 October 2023 (Unaudited)	2,189,405	40,103,210	11,826,579	1,922,998	-	56,042,192
Charge for the period	208,779	6,584,015	11,295,703	-	-	18,088,497
Disposals	-	(9,920,230)	(1,494,966)	(1,446,500)	-	(12,861,696)
At 31 December 2024	2,398,184	36,766,995	21,627,316	476,498	-	61,268,993
Charge for the year	232,609	6,725,060	11,366,635	1,224	-	18,325,528
Disposals	-	(5,074,223)	(7,052,453)	-	-	(12,126,676)
At 31 December 2025	<u>2,630,793</u>	<u>38,417,832</u>	<u>25,941,498</u>	<u>477,722</u>	-	<u>67,467,845</u>
<i>Net carrying amount</i>						
At 31 December 2024	<u>838,267</u>	<u>6,594,091</u>	<u>7,630,538</u>	-	<u>1,639,783</u>	<u>16,702,679</u>
At 31 December 2025	<u>605,658</u>	<u>10,247,348</u>	<u>9,278,975</u>	<u>4,589</u>	<u>367,030</u>	<u>20,503,600</u>

Fully depreciated assets as at 31 December 2025 amounted to AED 60,031,515 (31 December 2024: AED 58,362,742).

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

5 Property and equipment (continued)

The depreciation charge for the year/period ended has been allocated in the consolidated statement of profit or loss as follows:

	For the year ended 31 December 2025 AED	For the fifteen-month period ended 31 December 2024 AED
Direct costs (Note 20)	17,025,421	16,773,077
General and administrative expenses (Note 21)	1,300,107	1,315,420
	<u>18,325,528</u>	<u>18,088,497</u>

6 Right-of-use assets

	Buildings AED	Vehicles AED	Total AED
<i>Cost</i>			
At 1 October 2023 (Unaudited)	92,782,293	37,456,478	130,238,771
Acquisition through business combination	10,650,935	3,534,823	14,185,758
Additions	107,206	8,712,253	8,819,459
Disposals	<u>(12,887,091)</u>	<u>(6,623,322)</u>	<u>(19,510,413)</u>
At 31 December 2024	<u>90,653,343</u>	<u>43,080,232</u>	<u>133,733,575</u>
Acquisition through business combination (Notes 25, 26)	5,892,690	-	5,892,690
Additions	13,389,797	5,601,853	18,991,650
Disposals	<u>(11,428,582)</u>	<u>(203,191)</u>	<u>(11,631,773)</u>
At 31 December 2025	<u>98,507,248</u>	<u>48,478,894</u>	<u>146,986,142</u>
<i>Accumulated amortisation</i>			
At 1 October 2023 (Unaudited)	34,069,823	9,512,403	43,582,226
Charge for the period	35,815,545	9,387,664	45,203,209
Disposals	<u>(9,679,601)</u>	<u>(5,967,809)</u>	<u>(15,647,410)</u>
At 31 December 2024	<u>60,205,767</u>	<u>12,932,258</u>	<u>73,138,025</u>
Charge for the year	30,890,667	8,556,855	39,447,522
Disposals	<u>(11,394,577)</u>	<u>(203,192)</u>	<u>(11,597,769)</u>
At 31 December 2025	<u>79,701,857</u>	<u>21,285,921</u>	<u>100,987,778</u>
<i>Net carrying amount</i>			
At 31 December 2024	<u>30,447,576</u>	<u>30,147,974</u>	<u>60,595,550</u>
At 31 December 2025	<u>18,805,391</u>	<u>27,192,973</u>	<u>45,998,364</u>

A D N H Catering plc

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

6 Right-of-use assets (continued)

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

	For the year ended 31 December 2025 AED	For the fifteen-month period ended 31 December 2024 AED
Direct costs (Note 20)	37,016,368	42,688,878
General and administrative expenses (Note 21)	<u>2,431,154</u>	<u>2,514,331</u>
	<u><u>39,447,522</u></u>	<u><u>45,203,209</u></u>

A D N H Catering plc

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

7 Intangible assets

	Software AED	Customer relationships AED	Goodwill AED	Trade name AED	Total AED
<i>Cost</i>					
At 1 October 2023 (Unaudited)	14,367,811	-	-	-	14,367,811
Acquisition through business combination	-	200,100,000	87,971,591	-	288,071,591
At 31 December 2024	14,367,811	200,100,000	87,971,591	-	302,439,402
Acquisition through business combination (Notes 25, 26)	21,189	27,613,316	5,480,409	630,561	33,745,475
At 31 December 2025	14,389,000	227,713,316	93,452,000	630,561	336,184,877
<i>Accumulated amortisation</i>					
At 1 October 2023 (Unaudited)	14,082,277	-	-	-	14,082,277
Charge for the period	120,647	7,503,750	-	-	7,624,397
At 31 December 2024	14,202,924	7,503,750	-	-	21,706,674
Charge for the year	102,600	10,784,470	-	94,871	10,981,941
At 31 December 2025	14,305,524	18,288,220	-	94,871	32,688,615
<i>Net carrying amount</i>					
At 31 December 2024	164,887	192,596,250	87,971,591	-	280,732,728
At 31 December 2025	83,476	209,425,096	93,452,000	535,690	303,496,262

ADNH Catering plc

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

7 Intangible assets (continued)

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

	For the year ended 31 December 2025 AED	For the fifteen-month period ended 31 December 2024 AED
Direct costs (Note 20)	48,333	60,418
General and administrative expenses (Note 21)	10,933,608	7,563,979
	<u>10,981,941</u>	<u>7,624,397</u>

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

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

	2025 AED	2024 AED
ADNH Catering LLC & ADNH Catering LLC SP	87,971,591	87,971,591
Food Nation Catering Services LLC	5,480,409	-
	<u>93,452,000</u>	<u>87,971,591</u>

Goodwill impairment:

Goodwill has been recorded from the transaction which occurred during the 2024 and 2025.

During the year ended 31 December 2025, management performed its annual impairment review of goodwill, using the discounted cashflow model and identified no impairment.

The test for goodwill 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 applies and on the assumption of an indefinite life. Key assumptions used in the calculation of recoverable amounts are the discount rate, the terminal value growth rate, projected year-on-year revenue growth and revenue from existing customer contracts. The other assumptions used are based on past experience and external sources.

Key assumptions are as follows:

- Discount rate: 12.5%
- Terminal growth rate: 2%

Management tests for impairment on an annual basis for the intangible assets that have indefinite life and goodwill.

A sensitivity analysis was performed considering a 25 basis reduction in the terminal growth rate or 25 basis increase to WACC which did not result in any impairment.

**Notes to the consolidated financial statements
for the year ended 31 December 2025** (continued)**8 Investment in a joint venture**

During the year 2024, the Ultimate Parent Company transferred its 30% equity interest in Compass Arabia Limited Company, having a carrying amount of AED 9,717,881 and accounted for as an equity-accounted joint venture, to the Group in exchange for a purchase consideration of AED 9,785 (SAR 10,000), with a transaction close date of 30 June 2024. The excess of carrying amount of the investment acquired over the purchase consideration has been recorded as "Additional contributed capital" within equity in the consolidated statement of financial position.

During the period ended 31 December 2024, the Group signed a Share Purchase Agreement ("SPA") to purchase additional 20% shares in Compass Arabia Limited Company increasing the total ownership in Compass Arabia Limited Company to 50% with management control. During the year ended 31 December 2025, the Group received approvals from the authorities in Saudi Arabia for the acquisition of 20% shares which satisfied the completion of the acquisition resulting in Compass Arabia Limited Company becoming a subsidiary of the Group as of 31 August 2025. The total consideration paid for this transaction is AED 4,091,042 (SAR 4,177,375).

Accordingly, the Group has consolidated the financial position and financial performance of Compass Arabia Limited Company effective 31 August 2025 in these consolidated financial statements. Details are disclosed in Note 25.

The movement in investment in a joint venture is as follows:

	2025 AED	2024 AED
At 1 January 2025/1 October 2023	10,910,760	-
Acquired during the year/period	-	9,717,881
Share of profit for the year/period*	995,726	1,192,879
Gain on previously held equity interest before reclassification to a subsidiary	13,168,738	-
Reclassified as a subsidiary (Note 26)	<u>(25,075,224)</u>	<u>-</u>
At 31 December	<u>-</u>	<u>10,910,760</u>

*The profit sharing from the joint venture recognized in the consolidated financial statements consists of the operating results of Compass Arabia Co Ltd for the period of eight-month ended 31 August 2025 prior to the completion date of the step up acquisition.

A D N H Catering plc

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

8 Investment in a joint venture (continued)

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

	31 August 2025 AED	31 December 2024 AED
Non-current assets	-	10,881,648
Cash and cash equivalents	-	5,258,569
Other current assets (excluding cash)	-	101,076,074
Financial liabilities (excluding trade payables)	-	(13,793,452)
Other current liabilities (including trade payables)	-	(59,485,957)
Other non-current liabilities	-	(7,567,682)
Net assets	-	36,369,200
Group's share of net assets	-	30%
Carrying amount of equity accounted investment	-	10,910,760

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

	For the eight- month period ended 31 August 2025 AED	For the six- month period ended 31 December 2024 AED
Revenue	100,539,785	84,828,915
Expenses	(91,371,424)	(79,081,438)
Depreciation	(4,845,494)	(1,260,523)
Interest expense, net	(173,066)	(213,362)
Income tax expense	(830,712)	(297,329)
Profit for the period	3,319,089	3,976,263
Share of profit at 30%	995,726	1,192,879

9 Inventories

	2025 AED	2024 AED
Food supplies	10,252,238	10,465,308
Operating supplies	7,296,883	5,343,577
	17,549,121	15,808,885
Less: provision for impairment of slow-moving inventories	(1,224,259)	(1,234,811)
	16,324,862	14,574,074

A D N H Catering plc

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

9 Inventories (continued)

Material consumed during the year ended 31 December 2025 amounted to AED 566,199,618 (for the fifteen-month period ended 31 December 2024: AED 641,867,390) and was included in direct costs (Note 20).

The movement in inventories provision is as follows:

	2025 AED	2024 AED
At 1 January 2025/1 October 2023	1,234,811	2,572,503
Provision/ (reversal) for the year/period	1,055,125	(1,337,692)
Write off for the year 10	(1,065,677)	-
At 31 December	<u>1,224,259</u>	<u>1,234,811</u>

10 Trade and other receivables

	2025 AED	2024 AED
Trade receivables	552,814,148	596,034,174
Less: provision for impairment of trade receivables	<u>(44,210,280)</u>	<u>(23,463,277)</u>
	508,603,868	572,570,897
Contract assets	93,551,086	35,872,382
Prepayments	19,118,985	10,620,968
Other receivables	<u>51,236,301</u>	<u>41,052,205</u>
	<u>672,510,240</u>	<u>660,116,452</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.

A D N H Catering plc

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

10 Trade and other receivables (continued)

The average contractual credit period on sale of goods or services is 45 - 60 days.

The movement in the provision for impairment of trade receivables was as follows:

	2025 AED	2024 AED
At 1 January 2025/1 October 2023	23,463,277	14,235,124
Charge during the year/period	<u>20,747,003</u>	<u>9,228,153</u>
At 31 December	<u>44,210,280</u>	<u>23,463,277</u>

A D N H Catering plc

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

10 Trade and other receivables (continued)

The total impact of the provision for impairment of financial assets in the consolidated statement of profit or loss for the year ended 31 December 2025 is AED 20,747,003 (for the fifteen-month period ended 31 December 2024: AED 9,228,153).

At 31 December, the ageing of trade receivables and ECL was as follows:

	Total	Current	1 - 60 days	61 - 90 days	91 – 120 days	121 – 365 days	>365 days
2025							
Gross receivables (AED)	552,814,148	279,409,172	134,232,775	33,564,684	19,331,705	44,003,528	42,272,284
Provision (%)	-	0%	1%	1%	2%	2%	93%
Provision amount (AED)	44,210,280	-	1,810,971	447,905	353,748	1,020,494	40,577,162
Net receivables (AED)	<u>508,603,868</u>	<u>279,409,172</u>	<u>132,421,804</u>	<u>33,116,779</u>	<u>18,977,957</u>	<u>42,983,034</u>	<u>1,695,122</u>
2024							
Gross receivables (AED)	596,034,174	307,657,077	153,210,019	37,031,499	31,006,160	46,454,697	20,674,722
Provision (%)	-	-	1%	2%	2%	9%	81%
Provision amount (AED)	23,463,277	-	1,545,333	558,345	650,989	4,054,217	16,654,393
Net receivables (AED)	<u>572,570,897</u>	<u>307,657,077</u>	<u>151,664,686</u>	<u>36,473,154</u>	<u>30,355,171</u>	<u>42,400,480</u>	<u>4,020,329</u>

At 31 December 2025, the Group had significant concentration of credit risk with four customers accounting to AED 229,671,195 representing 41% of total trade receivables (31 December 2024: four customers amounting to AED 286,600,367 representing 48% of total trade receivables) at that date.

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

A D N H Catering plc

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

11 Related party transactions and balances

Related parties comprise the major shareholders of the Company, the directors and those enterprises over which the major shareholders, the directors or the Group can exercise control or significant influence or which can significantly influence the Group. 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.

The related party transactions and outstanding balances are as follows:

	Type of transaction	For the year ended 31 December 2025 AED	For the fifteen-month period ended 31 December 2024 AED
<i>Entities controlled by the Parent</i>			
Al Ghazal Transportation Company- Al Ghazal Express – Owned by Abu Dhabi National Hotels Company PJSC	Purchases & sales	32,685,428	73,459,054
The Ritz-Carlton Abu Dhabi, Grand Canal	Sales	2,337,587	3,383,984
Sunshine Travel & Tours	Purchases	3,494,685	5,521,232
Kempinski Central Avenue	Sales	1,829,530	2,758,613
Kempinski The Boulevard	Sales	1,800,951	2,394,357
Park Hyatt Abu Dhabi Hotels and Villas	Sales	1,029,619	1,896,384
Others	Purchases & sales	7,055,319	10,517,909
<i>Parent</i>			
Abu Dhabi National Hotels Company PJSC	Purchases & sales	2,954,329	15,247,720
<i>Joint venture</i>			
ADNH Catering Company LLC (formerly known as Compass Arabia Co. Ltd)	Loan	-	5,077,207
Key management personnel compensation			
Salaries and allowances		9,203,658	11,931,190
Post-employment benefits		478,115	695,412
		<u>9,681,773</u>	<u>12,626,602</u>
Board remuneration (Note 21)		<u>7,100,000</u>	<u>1,400,000</u>
Number of key management personnel		<u>10</u>	<u>10</u>

A D N H Catering plc

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

11 Related party transactions and balances (continued)

	2025 AED	2024 AED
Due from related parties:		
<i>Ultimate Parent Company</i>		
Abu Dhabi National Hotels Company PJSC	84,240	545,893
<i>Entities under common control of the Parent</i>		
The Ritz-Carlton Abu Dhabi, Grand Canal	361,269	401,107
VDD Hotel	320,261	417,620
Kempinski The Boulevard Hotel	207,059	528,164
Dubai Marina Hotel LLC	197,049	731,999
MDD Hotel LLC	92,457	404,662
SOFITEL HOTEL DUBAI	84,297	411,524
Park Hyatt Abu Dhabi Hotels and Villas	56,739	473,788
Al Ghazal Transportation Company- Al Ghazal Express – Owned by Abu Dhabi National Hotels Company PJSC	43,883	469,498
Kempinski Central Avenue Hotel	2,554	858,017
ADNH Catering Company LLC (formerly known as Compass Arabia Co. Ltd)	-	4,947,489
Others	5,458,311	789,727
<i>Other</i>		
Al Rushaid Construction Co. Ltd	23,931,058	-
	<u>30,839,177</u>	<u>10,979,488</u>
Due to related parties:		
<i>Entities under common control of the Parent</i>		
Al Ghazal Transportation Company- Al Ghazal Express – Owned by Abu Dhabi National Hotels Company PJSC	10,085,474	15,777,187
Sunshine Travel & Tours	694,420	842,830
Others	591,700	44,818
<i>Other</i>		
Al Rushaid Petroleum Investment Company	4,895,000	-
	<u>16,266,594</u>	<u>16,664,835</u>
<i>Ultimate Parent Company</i>		
Abu Dhabi National Hotels Company PJSC	5,021,133	5,003,528
	<u>21,287,727</u>	<u>21,668,363</u>

For the period ended 31 December 2024, the balance for ADNH Catering Company (formerly known as Compass Arabia Co. Ltd) included a non-interest-bearing loan in an amount of AED 4,905,000 which was receivable on demand and hence classified as a current asset.

12 Cash and cash equivalents

	2025 AED	2024 AED
Cash in hand	421,909	224,152
Cash at bank	136,845,146	150,002,203
Short term deposits	25,000,000	40,000,000
	<u>162,267,055</u>	<u>190,226,355</u>
		(66)

A D N H Catering plc

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

12 Cash and cash equivalents (continued)

Short-term deposits represent deposits placed during the year/period with original maturities of less than 3 months with local banks. The short-term deposits carry average interest rates of 4% per annum (2024: 5% per annum). Finance income recorded during the year/period amounted to AED 1,153,294 (For the fifteen-month period ended 31 December 2024 AED 3,128,994) (Note 23).

13 Share capital

	2025 AED	2024 AED
<i>Authorised, issued and fully paid</i>		
2,250,000,000 ordinary shares of AED 0.1 each	<u>225,000,000</u>	<u>225,000,000</u>
At 1 January 2025/1 October 2023	225,000,000	-
Issuance of share capital	-	3,673
Increase in share capital	-	<u>224,996,327</u>
At 31 December	<u>225,000,000</u>	<u>225,000,000</u>

On 21 June 2024, the Company was incorporated with a share capital of USD 1,000 (AED 3,673) with par value of USD 1 (AED 3.673) for 1,000 shares. During 2024, 61,265,168 additional shares of par value USD 1 (AED 3.673) were issued, increasing the share capital to USD 61,266,168 (AED 225,000,000). Furthermore, a resolution was issued for the outstanding 61,266,168 shares to be split into 2,250,000,000 shares with par value of USD 0.027 (AED 0.1). The share capital of the Company was increased utilising the “Additional contributed capital” for the purpose of the listing of shares.

Statutory reserve of AED 10 million represents reserve of a subsidiary.

On 16 January 2026, the Board of Directors proposed a cash dividend of AED 0.04 per share amounting to AED 90 million.

Additional contributed capital:

The movement of additional contributed capital was as follows:

	2025 AED	2024 AED
At 1 January 2025/1 October 2023	142,354,198	20,000,000
Business combination of entities under common control	-	276,088,627
Acquisition of a joint venture from the Ultimate Parent Company (Note 8)	-	9,708,096
Increase in share capital (Note 13)	-	(224,996,327)
Additional contributed capital	-	<u>61,553,802</u>
At 31 December	<u>142,354,198</u>	<u>142,354,198</u>

A D N H Catering plc

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

13 Share capital (continued)

Additional contributed capital: (continued)

- The Group acquired a 100% equity interest in ADNHC Dubai and ADNHC Sharjah entities with a value of identifiable net assets (excluding the consideration paid) of AED 276,088,627 which was recognised as additional contributed capital.
- The Group acquired a 30% equity interest in ADNH Catering Company (formerly known as Compass Arabia. Co. Ltd) with a value of AED 9,708,096 recognised as additional contributed capital.
- During the 15-month period ended 31 December 2024, the Group declared a dividend of AED 211,435,726 out of which AED 149,881,924 was paid in cash and the balance AED 61,553,802 was converted to additional contributed capital.
- The Group issued an additional 61,265,168 shares at par value of USD 1 (AED 3.673), of which AED 224,996,327 was transferred from additional contributed capital and converted into share capital.

14 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.

The Group has paid an amount of AED 50 million during 2024 to fund the purchase of the shares.

At 31 December 2025, the Market Maker held 11.8 million shares (31 December 2024: 22.1 million shares) of the Company on behalf of the Group at AED 9 million (31 December 2024: AED 20.4 million), which is classified under equity as at 31 December 2025, the remaining amount is presented in other receivables. The cumulative balance held for the own shares as of 31 December 2025 is AED 11.6 million (31 December 2024: AED 20.7 million).

A D N H Catering plc

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

15 Lease liabilities

	2025 AED	2024 AED
At 1 January 2025/1 October 2023	56,466,944	77,971,210
Acquired through business combination (Note 25, 26)	5,739,759	14,182,505
Additions during the year/period	18,991,650	8,819,459
Disposals	(1,464,799)	(3,863,003)
Accretion of interest (Note 23)	3,386,353	2,952,046
Payments	(39,684,830)	(43,595,273)
At 31 December	<u>43,435,077</u>	<u>56,466,944</u>

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

	2025 AED	2024 AED
Non-current	22,127,396	24,481,384
Current	<u>21,307,681</u>	<u>31,985,560</u>
	<u>43,435,077</u>	<u>56,466,944</u>

For short-term rent refer to Note 20.

Amounts recognised in the consolidated statement of profit or loss:

The consolidated statement of profit or loss shows the following amounts relating to leases:

	For the year ended 31 December 2025 AED	For the fifteen- month period ended 31 December 2024 AED
Depreciation of right of use asset (Note 6)	<u>39,447,522</u>	<u>45,203,209</u>
Finance cost - lease liabilities (Note 23)	<u>3,386,353</u>	<u>2,952,046</u>

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

	For the year ended 31 December 2025 AED	For the fifteen- month period ended 31 December 2024 AED
Finance cost paid on lease liabilities (Note 23)	<u>3,386,353</u>	<u>2,952,046</u>
Principal element of lease liabilities	<u>36,298,477</u>	<u>40,643,227</u>

A D N H Catering plc

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

16 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 specialized actuary. The Group provides end of service benefits (defined benefit obligations) to its eligible employees.

	2025 AED	2024 AED
At 1 January 2025/1 October 2023	114,319,760	110,130,739
Acquired through business combination (Note 26)	4,393,244	1,674,909
Service costs for the year/period	16,567,495	18,018,719
Interest expense for the year/period	5,752,991	6,881,907
Paid during the year/period	(20,113,953)	(16,137,482)
(Gain)/loss due to changes in demographic assumptions	(285,220)	709,657
(Gain)/loss due to changes in financial assumptions	(7,776,006)	5,644,849
Experience loss/(gain)	9,192,322	(12,603,538)
At 31 December	<u>122,050,633</u>	<u>114,319,760</u>

The total impact on the consolidated statement of profit or loss and statement of comprehensive income as of 31 December 2025 is AED 22,320,486 and AED 1,131,096 (for the fifteen-month period ended 31 December 2024 AED 24,900,626 and AED 6,249,032), respectively.

The provision is recognised based on the following significant assumptions:

	2025
Average annual rate of salary increases	3.50%
Discount rate	4.85%

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

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

The average duration of the liability is estimated to be between 5 to 7 years.

The calculation of end of service benefits is performed in accordance with the provisions of the respective countries labour laws, ensuring compliance with the regulatory requirements governing employee benefits.

Sensitivity analysis

The liability would be higher by AED 11,895,175 had the discount rate used in the assumption been lower by 1% and the liability would be lower by AED 10,190,947 had the discount rate used in the assumption been higher by 1%. The liability would be higher by AED 12,577,719 had the salary rate used in the assumption been higher by 1% and the liability would be lower by AED 10,940,643 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.

A D N H Catering plc

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

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

For mortality rates, a 10% increase would result in a decrease in liability of AED 11,228, while a 10% decrease would result in an increase in liability of AED 11,251. Regarding withdrawal rates, a 10% increase would lead to an increase in liability of AED 277,551, whereas a 10% decrease would result in an increase in liability of AED 309,272.

Risks and uncertainties

a) Volatility, cashflow and economic risks

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

b) Regulatory risk

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

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

c) Liquidity and balance sheet risk

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

d) Increasing salary escalation

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

e) Discount rate risk

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

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

A D N H Catering plc

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

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

Pension contribution

The pension charge for the year ended 31 December 2025 is AED 1,493,099 (31 December 2024: AED 1,416,691) and is accounted for as a defined contribution.

17 Trade and other payables

	2025 AED	2024 AED
Trade payables	216,370,439	199,089,456
Accrued expenses	136,145,482	153,087,312
Other payable	64,929,199	66,440,653
	<u>417,445,120</u>	<u>418,617,421</u>

The average contractual credit period on purchases of goods is 60 - 90 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

18 Bank borrowings

	2025 AED	2024 AED
<i>Borrowings with commercial banks:</i>		
Due in less than one year – current liability	<u>-</u>	<u>50,484,586</u>

On 24 July 2024, the Group secured a revolving loan facility of AED 250 million from a local bank for general corporate purposes. The facility carries an interest rate of 1.2% plus the prevailing 3-month EIBOR. The facility was backed by an irrevocable corporate guarantee issued by Abu Dhabi National Hotels Company PJSC. As of 31 December 2025, the Group has repaid all outstanding balances of loan.

The movement of bank borrowing during the year/period as follows:

	2025 AED	2024 AED
At 1 January 2025/1 October 2023	50,484,586	-
Drawdown	85,000,000	50,000,000
Interest expense during the year/period	1,826,973	484,586
Interest paid during the year	(2,311,559)	-
Loan payments made during the year/period	<u>(135,000,000)</u>	<u>-</u>
At 31 December 2025	<u>-</u>	<u>50,484,586</u>

A D N H Catering plc

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

18 Bank borrowings (continued)

Compliance with covenants

The Group has complied with the financial covenants of its borrowings during the period. Under the terms of the borrowing agreements, the Group is required to comply with the following financial covenants, which are assessed on a semi-annual basis:

- To maintain tangible net worth of not less than AED 200,000,000.
- To maintain a net debt to earnings before interest, tax, depreciation and amortization ratio of maximum 2.5x.
- To maintain a maximum leverage ratio (debt to equity) of 1.5x.

19 Revenues from contracts with customers

	For the year ended 31 December 2025 AED	For the fifteen- month period ended 31 December 2024 AED
Catering	1,021,251,381	1,103,786,541
Manpower	485,287,511	502,945,862
Food and beverage	91,748,177	110,177,923
Fixed fee services	87,390,663	124,580,747
Shop sales	19,592,501	5,030,214
Non-food supplies	18,565,960	21,146,310
Laundry	12,536,843	12,457,109
Other revenues	6,783,117	12,097,287
	<u>1,743,156,153</u>	<u>1,892,221,993</u>

Timing of revenue recognition

Over time	572,678,174	627,526,609
At a point in time	<u>1,170,477,979</u>	<u>1,264,695,384</u>
	<u>1,743,156,153</u>	<u>1,892,221,993</u>

Geographical split of revenue:

United Arab Emirates	1,688,238,983	1,892,221,993
Kingdom of Saudi Arabia	<u>54,917,170</u>	<u>-</u>
	<u>1,743,156,153</u>	<u>1,892,221,993</u>

Assets related to contracts with customers

Contract assets (Note 10)	<u>93,551,086</u>	<u>35,872,382</u>
---------------------------	-------------------	-------------------

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The amount is transferred to receivables when the rights become unconditional.

A D N H Catering plc

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

19 Revenues from contracts with customers (continued)

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 627,583,244 (31 December 2024: AED 238,822,267). The Group expects to recognise the unsatisfied performance obligations as revenue in the next 12 months reporting period of AED 239,073,288 (31 December 2024: 206,495,988).

20 Direct costs

	For the year ended 31 December 2025 AED	For the fifteen-month period ended 31 December 2024 AED
Staff costs (Note 22)	733,354,698	778,946,931
Costs of materials (Note 9)	566,199,618	641,867,390
Depreciation of right-of-use assets (Note 6)	37,016,368	42,688,878
Short term rent*	19,325,723	23,271,145
Maintenance	19,513,123	23,133,442
Transportation	22,751,528	29,245,424
Depreciation of property and equipment (Note 5)	17,025,421	16,773,077
Amortisation of intangible assets (Note 7)	48,333	60,418
Charge/(reversal) for slow-moving inventories (Note 9)	1,055,125	(1,337,692)
Others	33,024,990	39,364,171
	<u>1,449,314,927</u>	<u>1,594,013,184</u>

* Short-term rent includes accommodation and vehicle rental agreements which has contract term of 12 months or less. Hence these are not classified as right-of-use assets under IFRS 16.

21 General and administrative expenses

	For the year ended 31 December 2025 AED	For the fifteen-month period ended 31 December 2024 AED
Staff costs (Note 22)	57,926,673	56,338,046
Amortisation of intangible assets (Note 7)	10,933,607	7,563,979
Software maintenance and support	7,185,301	11,028,077
Board remuneration (Note 11)	7,100,000	1,400,000
License fees	2,965,273	2,462,832
Depreciation of right-of-use assets (Note 6)	2,431,154	2,514,331
Depreciation of property and equipment (Note 5)	1,300,107	1,315,420
Others	5,491,660	5,608,882
	<u>95,333,775</u>	<u>88,231,567</u>

(74)

A D N H Catering plc

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

22 Staff costs

	For 31 the year ended 31 December 2025 AED	For the fifteen-month period ended 31 December 2024 AED
Salaries and wages	679,568,825	690,436,775
Employees' end of service benefits (Note 16)	22,433,857	24,900,626
Pension costs	1,493,099	1,416,691
Other benefits	87,785,590	118,530,885
	<u>791,281,371</u>	<u>835,284,977</u>
Direct costs (Note 20)	733,354,698	778,946,931
General and administrative expenses (Note 21)	57,926,673	56,338,046
	<u>791,281,371</u>	<u>835,284,977</u>

During the year ended 31 December 2025, the average number of staff employed in the Group converted into full-time equivalents was 18,093 employees (2024: 17,025 employees).

23 Finance costs – net

	For the year ended 31 December 2025 AED	For the fifteen- month period ended 31 December 2024 AED
<i>Finance income:</i>		
Interest income	<u>1,153,294</u>	<u>3,128,994</u>
<i>Finance costs:</i>		
Finance cost on lease liabilities (Note 15)	3,386,353	2,952,046
Bank interest and charges	1,915,098	1,610,606
Finance costs expensed	<u>5,301,451</u>	<u>4,562,652</u>
Net finance costs	<u>4,148,157</u>	<u>1,433,658</u>

24 Other income

	For the year ended 31 December 2025 AED	For the fifteen- month period ended 31 December 2024 AED
Gain on bargain purchase (Note 26)	4,290,150	-
Others	57,617	262,468
	<u>4,347,767</u>	<u>262,468</u>

A D N H Catering plc

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

25 Acquisition of Food Nation Catering Services LLC

During the year ended 31 December 2025, the Group acquired control over Food Nation Catering Services LLC through a 100% acquisition of the shareholding, making the entity a wholly owned subsidiary of the Group on 17 March 2025.

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 abouts 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
Assets	
Property and equipment (Note 5)	841,898
Right of use assets (Note 6)	1,286,846
Intangible assets	1,219,561
Trade and other receivables	1,993,630
Inventories	149,804
Cash and cash equivalents	3,493,456
	<hr/> 8,985,195
Liabilities	
Lease liabilities (Note 15)	1,238,540
Current tax liabilities	63,710
Trade and other payables	7,630,988
Deferred tax liabilities	108,990
	<hr/> 9,042,228
Fair value of purchase consideration	
- Initial consideration paid in cash	5,061,283
- Consideration payable	362,093
	<hr/> 5,423,376
Less: fair value of net identifiable liabilities acquired	57,033
Goodwill recognised	<hr/> 5,480,409

A D N H Catering plc

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

25 Acquisition of Food Nation Catering Services LLC (continued)

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

	31 March 2025 AED (Unaudited)
Customer relationships	589,000
Trademark	630,561
Goodwill	<u>5,480,409</u>
	<u>6,699,970</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 1,895,948. The gross contractual amount for trade receivables due is AED 2,061,555, with a loss allowance of AED 165,608 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 1,753,077,050 and AED 175,364,005, 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.

Cash outflow on acquisition:

	31 March 2025 AED
Cash consideration paid	5,061,283
Less: cash acquired with the subsidiary	<u>(3,493,456)</u>
Net outflow of cash – investing activities	<u>1,567,827</u>

Besides, cash and cash equivalents of AED 3,493,456, all other line items of assets and liabilities are non-cash transactions for the purpose of consolidated statement of cash flows.

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

On 21 August 2025, the Group acquired control over Compass Arabia Limited Company ("Compass") through a purchase of an additional 20% stake, making the Company a 50% owned subsidiary of the Group. Management 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.

A D N H Catering plc

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

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

Management 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 Compass is expected to increase the Groups market share in this sector.

Management 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, Management 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 4,290,150 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 25,075,224.

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 1,843,696,173 and AED 179,093,802 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
Cash paid	4,089,650
Fair value of previously held interest	<u>25,075,224</u>
	<u>29,164,874</u>

ADNH Catering plc

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

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

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

	31 August 2025 AED
Assets	
Intangible assets	27,045,505
Property and equipment (Note 5)	4,154,512
Right of use assets (Note 6)	4,605,844
Trade and other receivables	61,521,337
Due from related parties	34,168,294
Inventories	4,198,723
Cash and cash equivalents	2,713,811
	<u>138,408,026</u>
Liabilities	
Lease liabilities (Note 15)	4,501,219
Current tax liabilities	693,093
Trade and other payables	50,104,004
Provision for end-of-service benefits	4,393,244
Due to related parties	11,806,565
	<u>71,498,125</u>
Fair value of net identifiable assets	<u>66,909,901</u>

Bargain purchase was calculated as follows:

Total consideration	29,164,874
Add: Non-controlling interest at proportionate share of net-identifiable assets	33,454,877
Less: Fair value of net identifiable assets at acquisition date	<u>(66,909,901)</u>
Bargain purchase at acquisition date (Note 24)	<u>(4,290,150)</u>

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

	31 August 2025 AED
Customer relationships	<u>27,024,316</u>

Cash outflow on acquisition:

Cash consideration paid	4,089,650
Less: cash acquired with the subsidiary	<u>(2,713,811)</u>
Net outflow of cash – investing activities	<u>1,375,839</u>

A D N H Catering plc

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

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

Besides, cash and cash equivalents of AED 2,713,811, all other line items of assets and liabilities are non-cash transactions for the purpose of consolidated statement of cash flows.

27 Income taxes

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

	2025 AED	2024 AED
Current income tax expense	16,736,945	18,728,342
Adjustment in respect of prior period	<u>527,983</u>	<u>-</u>
Current tax	17,264,928	18,728,342
<i>Deferred tax</i>		
Decrease in deferred tax liabilities	(913,254)	(674,828)
Increase in deferred tax asset (carry forward loss)*	<u>(55,341)</u>	<u>(124)</u>
	<u>(968,595)</u>	<u>(674,952)</u>
	<u>16,296,333</u>	<u>18,053,390</u>

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

	31 December 2025 AED	For the fifteen-month period ended 31 December 2024 AED
Profit before income tax	<u>192,124,522</u>	<u>200,770,778</u>
Tax using the Group's tax rate at 9%	17,291,207	18,069,370
<i>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</i>		
Impact of different tax rates	106,063	-
Prior year adjustments	527,981	-
Donations, grants, gifts to non-Qualifying Public Benefit Entities disallowed	-	(34,012)
Share of net profit of investments accounted for using the equity method	(89,615)	107,359
Gain on previously held equity interest in a joint venture	(1,185,187)	-
Miscellaneous	<u>(354,116)</u>	<u>(89,327)</u>
	<u>16,296,333</u>	<u>18,053,390</u>
Tax recovery for the year as per the consolidated statement of other comprehensive income	<u>(114,014)</u>	<u>-</u>

A D N H Catering plc

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

27 Income taxes (continued)

For determining the tax expense for the year/period, the accounting profit has been considered for tax purposes. The average effective tax rate is approximately 8.5% (2024: 9%).

The movement in income tax payable is given below:

	2025 AED	2024 AED
At 1 January 2025/1 October 2023	19,336,137	-
Acquired through business (Note 25 and 26)	756,803	607,795
Charge for the year / period*	17,264,928	18,728,342
Income tax charged through OCI	(114,014)	-
Paid during the year	(19,942,064)	-
At 31 December	<u>17,301,790</u>	<u>19,336,137</u>

*The charge for the year excludes the deferred tax movement during the year ended 31 December 2025 of AED 968,595 (for the fifteen-month period ended 31 December 2024 of AED 674,952).

Deferred tax liabilities movement during the year:

	Intangible assets AED	Right-of- use assets AED	Lease liabilities AED	Total AED
At 1 January 2025	17,333,790	(14,869)	4,854	17,323,775
Acquired through business combination	108,990	-	-	108,990
(Charge)/credit during the year	(913,638)	572	(187)	(913,253)
At 31 December 2025	<u>16,529,142</u>	<u>(14,297)</u>	<u>4,667</u>	<u>16,519,512</u>

The unused tax losses were incurred by a subsidiary of the Group that is likely to generate taxable income in the foreseeable future, and they can be carried forward indefinitely.

The consolidated group under the ultimate parent company is not in scope of the Pillar 2 legislation, and does not anticipate being within scope in the following period.

28 Basic and diluted earnings per share

Basic Earnings Per Share (EPS) is calculated by dividing the profit for the year/period attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit for the year/period attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year/period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares minus any treasury shares. As at 31 December 2025 and 2024, there were no shares which were dilutive in nature.

ADNH Catering plc

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

28 Basic and diluted earnings per share (continued)

The following table reflects the profit for the year/period and share data used in the basic and diluted EPS calculations:

	2025 AED	2024 AED
Earnings attributable to equity holders of the Parent (AED)	<u>174,683,330</u>	<u>182,717,388</u>
Weighted average number of shares in issue (excluding own shares)	<u>2,238,119,468</u>	<u>2,250,000,000</u>
Basic and diluted earnings per share (AED)	<u>0.078</u>	<u>0.081</u>

29 Non-controlling interests

On 31 August 2025, the Group acquired an additional 20% equity stake in ADNHC 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.

	2025 AED	2024 AED
At 1 January 2025/1 October 2023	-	-
Increase in non-controlling interest	33,454,877	-
Share of total comprehensive income for the year	<u>1,144,859</u>	<u>-</u>
At 31 December	<u>34,599,736</u>	<u>-</u>

Set out below is summarised financial information for ADNHC Catering Company LLC that has non-controlling interests that are material to the group. The amounts disclosed are before inter-company eliminations.

Summarised statement of financial position:

	2025 AED
Non-current assets	8,795,766
Current assets	99,900,518
Non-current liabilities	(5,456,132)
Current liabilities	<u>(60,929,127)</u>
Net assets	<u>42,311,025</u>
Accumulated NCI	<u>34,599,736</u>

Summarised statement of comprehensive income:

	For the four month period ended 31 December 2025 AED
Revenue	54,917,170
Profit for the period	<u>2,289,718</u>
NCI share of profit	<u>1,144,859</u>

A D N H Catering plc

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

30 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 Chief Executive Officer ("CEO"), as all final decisions are made by the CEO 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 two major operating segments. These segments are the basis on which the Group reports its primary segmental information. These are:

- Catering services
- Support services

The segments are concentrated into two elements which are providing food & beverage services to the customers under catering services and the other is to provide various support services which includes manpower services, laundry services and other services. This presentation reflects how the Group's operating performance is reviewed internally by management and the CODM. Catering services and support services segments' performance is measured based on profit or loss.

Segment profit represents the profit or loss earned by each segment after considering general and administrative expenses, other income, finance income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

A D N H Catering plc

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

30 Segment information (continued)

For the year ended 31 December 2025	Catering services AED	Support services AED	Total AED
Revenue from customers			
- Over a period of time	43,774,591	528,903,583	572,678,174
- At a point in time	1,079,879,884	90,598,095	1,170,477,979
Total revenues	<u>1,123,654,475</u>	<u>619,501,678</u>	<u>1,743,156,153</u>
Direct costs	<u>(886,327,973)</u>	<u>(562,986,954)</u>	<u>(1,449,314,927)</u>
Gross profit	237,326,502	56,514,724	293,841,226
General and administrative expenses	(76,846,872)	(18,486,903)	(95,333,775)
Reversal for impairment of financial assets	(20,686,333)	(60,670)	(20,747,003)
Other income/(loss)	4,354,632	(6,865)	4,347,767
Share of net profit of investments accounted for using the equity method	995,726	-	995,726
Gain on previously held equity interest in a Joint venture	13,168,738	-	13,168,738
Finance income	899,390	253,904	1,153,294
Finance costs	<u>(4,346,607)</u>	<u>(954,844)</u>	<u>(5,301,451)</u>
Profit before income tax	<u>154,865,176</u>	<u>37,259,346</u>	<u>192,124,522</u>
Income tax expense			<u>(16,296,333)</u>
Profit for the year			<u>175,828,189</u>
	Catering services AED	Support services AED	Total AED
For the fifteen-month period ended 31 December 2024	AED	AED	AED
Revenue from customers			
- Over a period of time	26,118,300	601,408,309	627,526,609
- At a point in time	1,151,352,423	113,342,961	1,264,695,384
Total revenues	<u>1,177,470,723</u>	<u>714,751,270</u>	<u>1,892,221,993</u>
Direct costs	<u>(943,999,612)</u>	<u>(650,013,572)</u>	<u>(1,594,013,184)</u>
Gross profit	233,471,111	64,737,698	298,208,809
General and administrative expenses	(66,689,417)	(21,542,150)	(88,231,567)
Reversal for impairment of financial assets	(9,228,153)	-	(9,228,153)
Other income	216,394	46,074	262,468
Share of net profit of investments accounted for using the equity method	1,192,879	-	1,192,879
Finance income	2,416,214	712,780	3,128,994
Finance costs	<u>(3,477,739)</u>	<u>(1,084,913)</u>	<u>(4,562,652)</u>
Profit before income tax	<u>157,901,289</u>	<u>42,869,489</u>	<u>200,770,778</u>
Income tax expense			<u>(18,053,390)</u>
Profit for the period			<u>182,717,388</u>

Revenue of approximately AED 277,525,742 for the year ended 31 December 2025 (For the fifteen-month period ended 31 December 2024: AED 323,119,371) is derived from one customer. This revenue is attributed to catering services only.

A D N H Catering plc

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

31 Contingent liabilities

	31 December 2025 AED	31 December 2024 AED
Bank guarantees	<u>196,019,869</u>	<u>201,265,047</u>
Within one year	2,652,823	22,377,955
Between one and two years	3,677,028	1,719,578
Above two years	<u>189,690,018</u>	<u>177,167,514</u>
	<u>196,019,869</u>	<u>201,265,047</u>

The above bank guarantees were issued in the normal course of business.

Commitments

The estimated commitments contracted at 31 December 2025 amounts to AED 28.8 million (2024 AED 42.3 million).

32 Non-cash transactions

Material non-cash transactions during the year/period ended 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025 AED	For the fifteen- month period ended 31 December 2024 AED
Acquisition of subsidiaries (net assets acquired through business combination excluding cash and cash equivalents)	<u>65,233,825</u>	<u>275,632,790</u>
Acquisition of own shares	<u>(9,067,964)</u>	<u>-</u>
Investment in a joint venture (Note 8)	<u>-</u>	<u>9,708,096</u>
Right-of-use assets (Note 6)	<u>18,991,650</u>	<u>8,819,459</u>
Lease liabilities (Note 15)	<u>18,991,650</u>	<u>8,819,459</u>
Increase in share capital (Note 13)	<u>-</u>	<u>224,996,327</u>
Conversion of dividend declared to Additional contributed capital (Note 13)	<u>-</u>	<u>61,553,802</u>

A D N H Catering plc

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

33 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	31 December 2025 AED	31 December 2024 AED
Financial assets:		
Trade and other receivables	653,391,255	649,495,484
Due from related parties	30,839,177	10,979,488
Cash and cash equivalents	162,267,055	190,226,355
	<u>846,497,487</u>	<u>850,701,327</u>
Financial liabilities		
Trade and other payables	417,445,120	418,617,421
Due to related parties	21,287,727	21,668,363
Bank borrowings	-	50,484,586
Lease liabilities	43,435,077	56,466,944
	<u>482,167,924</u>	<u>547,237,314</u>

*For the purpose of the above disclosure, prepayments amounting to AED 19,118,985 (for the year ended 31 December 2024: AED 10,620,968) were excluded from trade and other receivables.

34 Reconciliation of liabilities arising from financing activities

	31 December 2025 AED	31 December 2024 AED
Cash and cash equivalent	162,267,055	190,226,355
Bank borrowing – repayable within one year	-	(50,484,586)
Lease liabilities	(43,435,077)	(56,466,944)
Net debt	<u>118,831,978</u>	<u>83,274,825</u>

	<u>Other assets</u>	<u>Liabilities from financing activities</u>		
	<u>Cash and cash equivalent AED</u>	<u>Bank borrowing – repayable within one year AED</u>	<u>Lease liabilities AED</u>	<u>Total AED</u>
Net debt				
At 1 January 2025	190,226,355	(50,484,586)	(56,466,944)	83,274,825
Cash flows	(27,959,300)	50,484,586	13,031,867	35,557,153
At 31 December 2025	<u>162,267,055</u>	<u>-</u>	<u>(43,435,077)</u>	<u>118,831,978</u>
At 1 October 2023	165,697,328	-	(77,971,210)	87,726,118
Cash flows	24,529,027	(50,484,586)	21,504,266	(4,451,293)
At 31 December 2024	<u>190,226,355</u>	<u>(50,484,586)</u>	<u>(56,466,944)</u>	<u>83,274,825</u>