

A D N H Catering plc

**Directors' report and consolidated financial statements
for the fifteen-month period ended 31 December 2024**

A D N H Catering plc

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A D N H Catering plc

Directors' report for the fifteen-month period ended 31 December 2024

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 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
ADNH Catering Dubai
ADNH Catering Sharjah

As described in the consolidated financial statements, we are pursuing two inorganic opportunities. One will extend the reach of our educational catering business, the second will enable us to project our strong business model to the Kingdom of Saudi Arabia by increasing our shareholding in Compass Arabia ("Saudi Catering Business" or "KSA JV") 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.

A D N H Catering plc

Directors' report for the fifteen-month period ended 31 December 2024

(continued)

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 15 months period ended 31 December 2024

Following the acquisition of Compass' shareholding in our business by ADN H in March 2024 and the reorganization of the companies comprising the ADN H Catering Group under ADN H Catering plc, our business successfully listed on the Abu Dhabi Securities Exchange (ADX) on 23 October 2024. Our growth ambitions were further boosted by the signature of a Sale and Purchase Agreement to increase ADN H Catering's shareholding in its Saudi Joint Venture, Compass Arabia, from 30% to 50%. The transaction is currently subject to regulatory approval in the Kingdom of Saudi Arabia, following which we will exercise operational control of the business to execute our sectorized growth model in the Kingdom, where we see significant potential.

In a post-period event in January 2025, we announced the acquisition of 100% of the share capital of Food Nation Catering Services LLC, a specialized company providing catering services to primary and secondary education institutions in the United Arab Emirates. The acquisition supports ADN H Catering's strategic objective to deepen its penetration of the education sector. Additionally, we have initiated a rebranding exercise for two of our institutional catering activities as well as one of our support services activities.

On a statutory basis, in the fifteen-month period ended 31 December 2024 the business reported Consolidated Revenue of AED 1,892 million compared to AED 1,388 million for the year ended 30 September 2023. Operating Profits were AED 201 million in the fifteen-month period to 31 December 2024; whereas in the twelve-month period to 30 September 2023 Operating Profits were AED 211 million.

A D N H Catering plc

Directors' report for the fifteen-month period ended 31 December 2024 (continued)

Commentary on the 15 months period ended 31 December 2024 (continued)

For the fifteen-month period to 31 December 2024, Revenue for the Catering Business was AED 1,177 million and profit for the period were AED 158 million compared to Revenue of AED 875 million and profit for the year up to 30 September 2023 of AED 167 million.

Our Support Services Businesses recorded Revenue of AED 715 million and profit for the period of AED 43 million in the fifteen months ended 31 December 2024, compared to Revenue of AED 514 million and profit for the year up to 30 September 2023 of AED 44 million.

In the fifteen-month period to 31 December 2024 we recorded a corporate taxation provision of AED 18 million.

Outlook for 2025 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 (including Riyadh) after having operational control of our KSA JV. 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 line with our announced dividend policy and projected cash flows, the Board of Directors recommends a special cash dividend distribution of AED 60 million in April 2025, which represents 26.6% of share capital and is equivalent to 2.7 Fils per share.

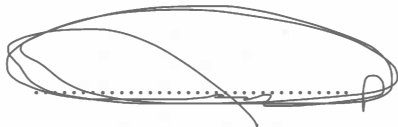
Recognition and appreciation

I would like to express my 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.

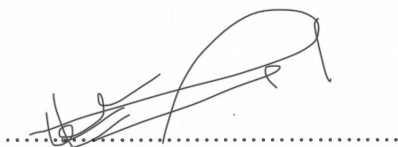
Statement of disclosure to auditors:

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 Board of Directors,



Khalaf Sultan Rashed Saeed Al Dhaheri
Chairman of the Board


.....
Sheikh Ahmed Mohammed Sultan
Suroor Aldhahiri
Vice Chairman

11 February 2025



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 2024, and its consolidated financial performance and its consolidated cash flows for the fifteen-month period then ended (the "period") in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities *for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and 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.



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

Our audit approach

Overview

Key audit matters	• Acquisition of A D N H Catering L.L.C and A D N H Compass L.L.C. SP
	• Capital Re-organization

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
<u>Acquisition of A D N H Catering L.L.C and A D N H Compass L.L.C. SP (the "acquisition")</u>	We performed the following procedures over the acquisition transaction of the entities:
During the period ended 31 December 2024, 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 A N D H Catering L.L.C. ("ADNHC Dubai") and A D N H Compass L.L.C. SP ("ADNHC Sharjah") (referred to as the "entities") from Abu Dhabi National Hotels Company PJSC (the "Ultimate Parent Company") at nominal amounts. The acquisition of the entities is a transaction under common control as disclosed in Note 2.2 to the consolidated financial statements. This acquisition is excluded from the scope of IFRS 3 "Business Combinations", as this represented business combination of the entities under common control, given that the subsidiary and the entities are all controlled by the same Ultimate Parent Company before and after the acquisition. The acquisition has been accounted for in the consolidated financial statements under the predecessor method of accounting which reflects the economic substance of the transaction. We have identified this transaction as a key audit matter due to its financial significance, key judgment used by the management and the significant impact of this transaction on the composition of the Group's businesses and activities. Refer to Notes 2.2, 4.1 and 24 which explain the accounting policy adopted by the Group, the transfer details and the critical accounting judgment for transactions involving entities under common control.	1. Obtained and reviewed the Share Transfer Agreements ("STA") and reviewed the ownership structures before and after the transaction in order to assess the acquisition fulfilled the requirements of business combination under common control; 2. Supported by our technical accounting team, we reviewed the accounting policy adopted by the management to conclude on the appropriateness of recognising the acquisition transactions as transactions under common control; 3. Tested the supporting documentation and the underlying schedules on a sample basis. We carried out testing procedures, on a sample basis, to assess the accuracy of the amounts being acquired; 4. Assessed if the predecessor accounting method was appropriately applied by the management in accordance with the Group's accounting policy; and 5. Assessed the adequacy of disclosures in the consolidated financial statements relating to this matter.

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>
<u>Capital reorganisation</u> ADNH Catering plc (the Company) has been established by the Ultimate Parent Company (Abu Dhabi National Holding Company PJSC) during June 2024 as part of the Group restructuring in regard to the catering business. During this period, the Ultimate Parent Company transferred its subsidiary 'A D N H Catering L.L.C - O.P.C' (the "subsidiary") to ADNH Catering plc at a nominal price. Since, ADNH Catering plc was a non-operating business, management considered this acquisition transaction as a capital reorganization and assumed that ADNH Catering plc is a continuation of the subsidiary. Accordingly, management adopted the predecessor accounting policy, whereby the assets, liabilities, revenues and expenses of the acquired subsidiary are incorporated at their pre-acquisition carrying amounts. No fair value uplift is applied, and no new goodwill is recognized. As a result of the capital re-organization accounting, ADNH Catering plc consolidated financial statements carried amounts from the beginning of the earliest period presented, reflecting that ADNH Catering plc is the continuation of the previously existing reporting entity. We have identified this transaction as a key audit matter due to its financial significance, key judgment used by the management and the significant impact of this transaction on the composition of the Group's businesses and activities. Refer to Notes 2.2 and 4.1 which explain the accounting policy adopted by the Group and the critical accounting judgment for this transaction.	We performed the following procedures over the acquisition transaction of the subsidiary: 1. Obtained and reviewed the Share Sale and Purchase Agreement ("SSPA") and reviewed the ownership structures before and after the transaction; 2. Supported by our technical accounting team, we assessed the appropriateness of management's accounting with reference to relevant guidance on capital reorganisations and common control transactions; 3. Supported by our technical accounting team, we evaluated management's judgement and rationale for selecting the pre-acquisition carrying amounts of the subsidiary; 4. Tested the supporting documentation and the underlying schedules on a sample basis. We carried out testing procedures, on a sample basis, to assess the accuracy of the amounts being acquired; 5. Assessed if the consolidated financial statements appropriately present the amounts of the acquired subsidiary for the full reporting period, including the comparatives; and 6. Assessed the adequacy of disclosures in the consolidated financial statements relating to this matter.



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.

Emphasis of matter

We draw attention to the fact that, as disclosed in Note 1, following the reorganisation, the Group changed its financial year end from 30 September to 31 December to align itself with the year end of its ultimate parent, Abu Dhabi National Hotels Company PJSC. As a result, the consolidated financial statements are for a period of fifteen months from 1 October 2023 to 31 December 2024.

Our opinion is not modified in respect of this matter.

Other matter

The comparative information in the consolidated financial statements as at and for the year ended 30 September 2023 has not been audited.

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 that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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.



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 (continued)

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.
- 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.



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)

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

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

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

Report on other legal and regulatory requirements

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)

11 February 2025

A handwritten signature in blue ink, appearing to read 'Imran', is written over a horizontal line.

Imran Massey
Partner
Abu Dhabi, United Arab Emirates

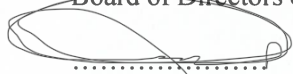
A D N H Catering plc

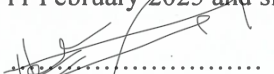
Consolidated statement of financial position

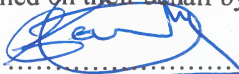
		As at	
	Note	31 December 2024 AED	30 September 2023 AED (Unaudited)
ASSETS			
Non-current assets			
Property and equipment	5	16,702,679	14,958,362
Right-of-use assets	6	60,595,550	86,656,545
Intangible assets	7	280,732,728	285,534
Investment in a joint venture	8	10,910,760	-
Total non-current assets		368,941,717	101,900,441
Current assets			
Inventories	9	14,574,074	6,819,045
Trade and other receivables	10	660,116,452	567,478,224
Due from related parties	11	10,979,488	27,041,715
Cash and cash equivalents	12	190,226,355	165,697,328
Total current assets		875,896,369	767,036,312
Total assets		1,244,838,086	868,936,753
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	225,000,000	-
Statutory reserve	13	10,000,000	10,000,000
Additional contributed capital	13	142,354,198	20,000,000
Own shares	14	(20,685,738)	-
Other reserve	16	6,249,032	-
Retained earnings		123,703,608	212,421,946
Proposed dividends	13	60,000,000	-
Net equity		546,621,100	242,421,946
LIABILITIES			
Non-current liabilities			
Provision for employees' end of service benefits	16	114,319,760	110,130,739
Lease liabilities	15	24,481,384	47,584,568
Deferred tax liabilities	25	17,323,775	-
Total non-current liabilities		156,124,919	157,715,307
Current liabilities			
Trade and other payables	17	418,617,421	415,234,941
Bank borrowings	18	50,484,586	-
Due to related parties	11	21,668,363	23,177,917
Lease liabilities	15	31,985,560	30,386,642
Current tax liabilities		19,336,137	-
Total current liabilities		542,092,067	468,799,500
Total liabilities		698,216,986	626,514,807
Total equity and liabilities		1,244,838,086	868,936,753

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 fifteen-month period ended 31 December 2024.

These consolidated financial statements were duly approved and authorised for issue by the Board of Directors on 11 February 2025 and signed on their 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 17 to 79 are integral part of these consolidated financial statements. (11)



A D N H Catering plc

Consolidated statement of profit or loss

		For the fifteen- month period ended 31 December 2024 AED	For the year ended 30 September 2023 AED (Unaudited)
	Note		
Revenues from contracts with customers	19	1,892,221,993	1,388,792,200
Direct costs	20	(1,594,013,184)	(1,124,771,033)
Gross profit		298,208,809	264,021,167
General and administrative expenses	21	(88,231,567)	(74,955,882)
Provision for impairment of financial assets	10	(9,228,153)	(904,989)
Other income		262,468	23,275,823
Operating profit		201,011,557	211,436,119
Finance income	23	3,128,994	2,783,853
Finance costs	23	(4,562,652)	(2,784,246)
Finance costs - net		(1,433,658)	(393)
Share of net profit of investments accounted for using the equity method	8	1,192,879	-
Profit before income tax		200,770,778	211,435,726
Income tax expense	25	(18,053,390)	-
Profit for the period/year		182,717,388	211,435,726
Basic and diluted earnings per share attributable to ordinary equity holders of the Parent (AED)	26	0.081	-

A D N H Catering plc

Consolidated statement of comprehensive income

	For the fifteen-month period ended 31 December 2024 AED	For the year ended 30 September 2023 AED (Unaudited)
Profit for the period/year	182,717,388	211,435,726
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss:</i>		
Actuarial gain on employees' end of service benefits	6,249,032	-
Total other comprehensive income for the period/year	6,249,032	-
Total comprehensive income for the period/year attributable to:		
Equity holders of the Parent	188,966,420	211,435,726

A D N H Catering plc

Consolidated statement of changes in equity

	Share capital AED	Statutory reserve AED	Additional contributed capital AED	Own shares AED	Other reserves AED	Retained earnings AED	Proposed dividends	Total equity AED
At 1 October 2022 (Unaudited)	-	10,000,000	20,000,000	-	-	215,337,048	-	245,337,048
Total comprehensive income for the period	-	-	-	-	-	211,435,726	-	211,435,726
Transaction with the owners in its capacity as owners:								
Dividends	-	-	-	-	-	(214,350,828)	-	(214,350,828)
At 30 September 2023 (Unaudited)	<u>-</u>	<u>10,000,000</u>	<u>20,000,000</u>	<u>-</u>	<u>-</u>	<u>212,421,946</u>	<u>-</u>	<u>242,421,946</u>
At 1 October 2023 (Unaudited)	-	10,000,000	20,000,000	-	-	212,421,946	-	242,421,946
Profit for the period	-	-	-	-	-	182,717,388	-	182,717,388
Other comprehensive income for the period	-	-	-	-	6,249,032	-	-	6,249,032
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,249,032</u>	<u>182,717,388</u>	<u>-</u>	<u>188,966,420</u>
Transactions with the owners in its capacity as owners:								
Share capital issuance (Notes 13)	3,673	-	-	-	-	-	-	3,673
Business combination of entities under common control (Notes 1, 24)	-	-	276,088,627	-	-	-	-	276,088,627
Acquisition of a joint venture from the Parent (Notes 1, 8)	-	-	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)
Dividends (Note 13)	-	-	-	-	-	(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
At 31 December 2024	<u>225,000,000</u>	<u>10,000,000</u>	<u>142,354,198</u>	<u>(20,685,738)</u>	<u>6,249,032</u>	<u>123,703,608</u>	<u>60,000,000</u>	<u>546,621,100</u>

The notes on pages 17 to 79 are integral part of these consolidated financial statements.

A D N H Catering plc

Consolidated statement of cash flows

		For the fifteen- month period ended 31 December 2024 AED	For the year ended 30 September 2023 AED (Unaudited)
	Note		
Cash flows from operating activities			
Profit before income tax		200,770,778	211,435,726
Adjustments for:			
Depreciation of property and equipment	5	18,088,497	8,165,846
Amortisation of right-of-use assets	6	45,203,209	31,468,505
Amortisation of intangible assets	7	7,624,397	72,800
Provision of impairment of financial assets	10	9,228,153	904,989
Share of net profit of investments accounted for using the equity method	8	(1,192,879)	-
Slow moving inventory provision		(1,337,692)	-
Gain on disposal of property and equipment		(187,368)	-
Provision for employees' end of service benefits		24,900,626	20,218,570
Finance income		(3,128,994)	(2,783,853)
Finance costs		4,562,652	2,784,246
Operating cash flows before payment of employees' end of service benefits and changes in working capital		304,531,379	272,266,829
Employees' end of service benefits paid		(16,137,482)	(30,416,252)
Changes in working capital:			
Inventories		(4,038,351)	7,018,100
Trade and other receivables		23,518,219	4,153,514
Due from related parties		16,062,227	(8,743,282)
Trade and other payables		(81,413,420)	(140,615,963)
Due to related parties		(42,208,900)	58,434
Net cash flows generated from operating activities		200,313,672	103,721,380
Cash flows from investing activities			
Purchase of property and equipment	5	(14,954,409)	(9,814,513)
Proceeds from disposal of property and equipment		873,889	1,650,460
Business combination of entities under common control		455,837	-
Purchase of intangible assets	7	-	(289,550)
Finance income received		3,128,994	2,783,853
Net cash flows used in investing activities		(10,495,689)	(5,669,750)

The notes on pages 17 to 79 are integral part of these consolidated financial statements. (15)

A D N H Catering plc

Consolidated statement of cash flows (continued)

		For the fifteen- month period ended 31 December 2024	For the year ended 30 September 2023
	Note	AED	AED
			(Unaudited)
Cash flows from financing activities			
Dividends paid in cash	13	(149,881,924)	(214,350,828)
Finance cost paid		(4,078,066)	(2,784,246)
Proceeds from bank borrowings		50,000,000	-
Acquisition of own shares		(20,685,739)	-
Principal elements of lease payments	15	(40,643,227)	(32,754,686)
Net cash flows used in financing activities		<u>(165,288,956)</u>	<u>(249,889,760)</u>
Net increase/(decrease) in cash and cash equivalents		24,529,027	(151,838,130)
Cash and cash equivalents at the beginning of the period/year		<u>165,697,328</u>	<u>317,535,458</u>
Cash and cash equivalents at the end of the period/year	12	<u>190,226,355</u>	<u>165,697,328</u>

Significant non-cash transactions have been disclosed in Note 29 to the consolidated financial statements.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024

1 General information

A D N H Catering plc (formerly known as “A D N H Catering Limited) (the “Company” or “ADNHC”) is a public limited company 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”.

On 3 September 2024, the Company’s shareholders passed a resolution to change the name of the Company to A D N H Catering plc from A D N H Catering Limited and the legal formalities to change the Company’s name were completed on 4 September 2024. Simultaneously, the Company changed its legal structure from a “Private Company Limited by shares” to a “Public Company Limited by shares”.

ADNHC is a wholly owned subsidiary of Abu Dhabi National Hotels Company PJSC (“Parent”, or “ADNH PJSC” or “the Ultimate Controlling Company” or “Ultimate Parent 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.

During 2024, following the capital reorganisation, 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). Details are provided in Note 2.1- “Capital reorganisation”.

The comparative financial information for the year ended 30 September 2023 is unaudited and is presented for comparative purposes only.

The results on the consolidated statement of profit or loss for the fifteen-month period ended 31 December 2024 are not comparable to the results of the twelve-month year ended 30 September 2023.

The Company’s separate financial statements will be prepared for the period from 21 June 2024 (inception date) to 31 December 2024.

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

As of 31 December 2024, the following transactions were completed between ADNHC PJSC and A D N H CATERING - L.L.C - O.P.C (“ADNHC Abu Dhabi”) previously known as Abu Dhabi National Hotels Compass Middle East LLC in regard to A D N H Catering L.L.C. (“ADNHC Dubai”) previously known as Abu Dhabi National Hotels Compass Emirates LLC and A D N H Compass L.L.C. SP (“ADNHC Sharjah”) (collectively “ADNHC Entities”):

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

1 General information (continued)

- On 31 March 2024, the Parent increased its equity interests in ADNHC Abu Dhabi, ADNHC Dubai and ADNHC Sharjah from 51% to 100% in each of these entities.
- On 11 June 2024 and 26 June 2024, the Parent transferred 100% equity interest in ADNHC Dubai and ADNHC Sharjah entities, respectively, to ADNHC Abu Dhabi for a total consideration of AED 20,000, with a transaction close date of 30 June 2024 (Note 24);
- On 28 June 2024, the Parent entered into a share transfer agreement to transfer its 30% equity interest in Compass Arabia Co Ltd (“KSA JV”), that was accounted for as an equity-accounted joint venture, to ADNHC Abu Dhabi, with a transaction close date of 30 June 2024 (Note 8); and
- On 30 June 2024, the Parent transferred its 100% equity interest in ADNHC Abu Dhabi to the Company (the “Reorganisation”).

Accordingly, below is the list of subsidiaries and joint venture of the Company are as follows:

Name of subsidiary	Area of domicile	Principal activities	Ownership interest	
			31 December 2024	30 September 2023 (Unaudited)
A D N H CATERING - L.L.C - O.P.C	UAE	Catering & contract services	100%	-
A D N H Catering L.L.C	UAE	Catering	100%	-
A D N H Compass L.L.C. SP	UAE	Catering	100%	-
<u>Name of joint venture</u>				
Compass Arabia Co Ltd	KSA	Catering	30%	-

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.

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.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

i. 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 (IAASB) 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 Company's 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.

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 October 2023 have been adopted in this consolidated financial statements. The application of these revised IFRS Accounting Standards and interpretations have not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

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

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

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

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

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

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

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

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

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

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

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

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

- (1) The terms and conditions of SFAs.
- (2) The carrying amount of financial liabilities that are part of SFAs, and the line items in which those liabilities are presented.
- (3) The carrying amount of the financial liabilities in (2), for which the suppliers have already received payment from the finance providers.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

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

- (4) The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.
- (5) Non-cash changes in the carrying amounts of financial liabilities in (2).
- (6) Access to SFA facilities and concentration of liquidity risk with the finance providers.

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

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

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

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

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

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

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

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

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Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

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

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

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

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

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

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

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.

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

A subsidiary is eligible if:

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

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

Capital reorganisation

The reorganisation as discussed in Note 1, is a common control transaction as ADNHC Abu Dhabi and the Company, are controlled by ADNHC PJSC both before and after the reorganisation. Accordingly, the reorganisation has been accounted for as a capital restructuring of “ADNHC Abu Dhabi” and the consolidated financial statements of the Group represents the continuation of ADNHC Abu Dhabi consolidated financial statements. Considering that the Company was established on 21 June 2024 and therefore share capital was nil for 1 October 2023, it is not meaningful to present share capital or an analysis of reserve or components of other comprehensive income in the comparative figures, other than retained earnings, statutory reserves and additional contributed capital which are separately identifiable for 1 October 2023.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.2 Business combinations under common control

During the period, ADNHC Abu Dhabi has acquired 100% of the shares of ADNHC Dubai and ADNHC Sharjah from the Ultimate Controlling Parent. This transaction is considered a common control transaction as these entities will continue to be controlled by ADNHC 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 is considered to involve the combining parties being presented as if they had always been combined. To this effect, the Group will account 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 ADNHC PJSC).

The acquisitions are 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 is 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 reflect 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.

2.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries as at 31 December 2024.

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.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.3 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.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.3 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.

2.4 Investment in 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.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.4 Investment in 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.

2.5 Income tax

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

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

Current tax

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

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.5 Income tax (continued)

Deferred tax

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

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

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

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

2.6 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.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.6 Revenue (continued)

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:

- 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.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.6 Revenue (continued)

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.

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.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.6 Revenue (continued)

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.

2.7 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.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.8 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,
- 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.

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

	<i>Years</i>
Customer relationships	20
Software	3

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.9 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.

2.10 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.

2.11 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.

2.12 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.

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Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.13 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.

2.14 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.

2.15 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.

2.16 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 fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.16 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.

2.17 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.

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.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.17 Leases (continued)

As a lessee (continued)

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.

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.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.18 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.

2.19 Provisions and contingent liabilities

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

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

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

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

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

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

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

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.20 Foreign currencies

(a) Functional and presentation currency

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

(b) Transactions and balances

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

2.21 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.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.21 Financial instruments (continued)

Financial assets (continued)

(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.

(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).

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.21 Financial instruments (continued)

Financial assets (continued)

(d) Impairment of financial assets (continued)

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.

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.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.21 Financial instruments (continued)

Financial liabilities and equity instruments (continued)

(b) *Financial liabilities* (continued)

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.

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.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.22 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.

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.

2.23 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.

2.24 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.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.25 Own shares

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

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 US dollars. The Group is not exposed to significant currency risk from USD Dollar as the AED is 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.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Interest rate risks (continued)

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

	31 December 2024 AED	30 September 2023 AED
<i>Fixed rate instruments</i>		
Short term deposit	40,000,000	-
<i>Variable rate instruments</i>		
Bank borrowings	50,484,586	-
Lease liabilities	56,466,944	77,971,210
	<u>106,951,530</u>	<u>77,971,210</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.

(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 AED 267,379 (30 September 2023: AED 194,928) on the net profit for the period and equity at that date. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2024.

(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.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(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 period, the credit risk relating to trade receivables is not significantly changed.

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

	31 December 2024 AED	30 September 2023 AED (Unaudited)
Trade and other receivables	649,495,484	557,260,965
Due from related parties	10,979,488	27,041,715
Cash and cash equivalents	190,226,355	165,697,328
	<u>850,701,327</u>	<u>750,000,008</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.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

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 190,002,203 as at 31 December 2024 (30 September 2023: AED 164,843,711), 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 15-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash at bank has a low credit risk because the counterparties have high credit-ratings assigned by international credit-rating agencies.

(c) Liquidity risk

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 AED	More than one year AED	Total AED
31 December 2024			
Bank borrowings	50,484,586	-	50,484,586
Trade and other payables	418,617,421	-	418,617,421
Lease liabilities	32,005,007	27,837,533	59,842,540
Due to related parties	21,668,363	-	21,668,363
	<u>522,775,377</u>	<u>27,837,533</u>	<u>550,612,910</u>

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Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than one year AED	More than one year AED	Total AED
30 September 2023			
(Unaudited)			
Trade and other payables	415,234,941	-	415,234,941
Lease liabilities	47,584,568	30,386,642	77,971,210
Due to related parties	23,177,917	-	23,177,917
	<u>485,997,426</u>	<u>30,386,642</u>	<u>516,384,068</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 2024 AED	30 September 2023 AED (Unaudited)
Bank borrowings	50,484,586	-
Lease liabilities	56,466,944	77,971,210
Less: cash and cash equivalents	<u>(190,226,355)</u>	<u>(165,697,328)</u>
Net debt	<u>(83,274,825)</u>	<u>(87,726,118)</u>
Total equity	546,621,100	242,421,946
Equity and net debt	<u>424,970,138</u>	<u>154,695,828</u>
Gearing ratio	<u>Negative</u>	<u>Negative</u>

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 condensed consolidated interim financial information.

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.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

3 Financial risk management (continued)

3.3 Fair value measurement (continued)

- 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 2024 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) Transactions involving entities under common control

Transactions involving entities under common control where the transaction has substance are accounted for using the acquisition method. For transactions involving entities under common control where the transaction does not have substance, the Group adopts the predecessor accounting method. Under the predecessor accounting method, the carrying value of assets and liabilities in the books of the transferor (as adjusted to comply with Group accounting policies), are used to account for these transactions. No goodwill is recognised as a result of the transfer. The only goodwill recognised is any existing goodwill relating to either of the combining entities. The difference between the consideration paid and the net assets acquired is reflected as 'additional contributed capital' within equity. The transfer between ADN H to A D N H Catering L.L.C – O.P.C is considered a transaction under common control.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

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

4.1 Critical judgements (continued)

(a) Transactions involving entities under common control (continued)

A number of factors are considered in assessing whether the transaction has substance including the following:

- the purpose of the transaction;
- the involvement of outside parties in the transaction, such as non-controlling interests or other third parties;
- whether or not the transaction is conducted at fair value;
- the existing activities of the entities involved in the transaction; and
- whether or not the transaction brings entities together into a ‘reporting entity’ that did not exist before.

The transfer between ADNHC to ADNHC Catering plc is also a common control transaction as ADNHC Abu Dhabi and ADNHC Catering plc, are controlled by ADNHC PJSC both before and after the reorganisation. Accordingly, the reorganisation has been accounted for as a capital reorganisation of “ADNHC Abu Dhabi” and the consolidated financial statements of the Group represents the continuation of ADNHC Abu Dhabi consolidated financial statements.

(b) Principal versus agent consideration

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

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

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

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

4.1 Critical judgements (continued)

(c) Inventories

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

4.2 Estimates and assumptions

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.

The loss allowance for trade receivables is based on assumptions about risk of default and expected loss rates. Management uses judgement in making these assumptions and selecting the inputs to the impairment calculation which are applied to the exposure at default to arrive at the expected credit losses at the reporting date. Management base their assumptions on the Group’s historical data, existing market conditions as well as forward looking estimates. As at 31 December 2024, the allowance for impairment of trade receivable amounted to AED 23,463,277 (30 September 2023: AED 14,235,124).

(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 2024, the impairment amounted to AED 1,234,811 (30 September 2023: AED 2,572,503).

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

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

4.2 Estimates and assumptions (continued)

(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 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.

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 fifteen-month period ended 31 December 2024 (continued)

5 Property and equipment

	Leasehold improvements AED	Buildings 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 2022							
(Unaudited)	2,653,404	7,296,514	55,518,231	16,793,832	2,388,998	1,704,106	86,355,085
Additions	-	-	3,777,671	5,310,754	-	726,088	9,814,513
Transfers	-	-	(226,181)	(126,114)	-	-	(352,295)
Disposals	-	(7,296,514)	(13,010,116)	(2,545,857)	(466,000)	(1,498,262)	(24,816,749)
At 30 September 2023							
(Unaudited)	2,653,404	-	46,059,605	19,432,615	1,922,998	931,932	71,000,554
Acquisition through business combination (Note 24)	-	-	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>-</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>

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

5 Property and equipment (continued)

	Leasehold improvements AED	Buildings 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 2022							
(Unaudited)	2,073,405	7,296,514	48,771,466	10,864,547	2,388,998	-	71,394,930
Charge for the year	116,000	-	4,526,779	3,523,067	-	-	8,165,846
Transfers	-	-	(255,919)	(96,192)	-	-	(352,111)
Disposals	-	(7,296,514)	(12,939,116)	(2,464,843)	(466,000)	-	(23,166,473)
At 30 September 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	<u>2,398,184</u>	<u>-</u>	<u>36,766,995</u>	<u>21,627,316</u>	<u>476,498</u>	<u>-</u>	<u>61,268,993</u>
<i>Net carrying amount</i>							
At 30 September 2023							
(Unaudited)	<u>463,999</u>	<u>-</u>	<u>5,956,395</u>	<u>7,606,036</u>	<u>-</u>	<u>931,932</u>	<u>14,958,362</u>
At 31 December 2024	<u>838,267</u>	<u>-</u>	<u>6,594,091</u>	<u>7,630,538</u>	<u>-</u>	<u>1,639,783</u>	<u>16,702,679</u>

Fully depreciated assets as at 31 December 2024 amounted to AED 58,362,742 (30 September 2023: AED 41,658,970).

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

5 Property and equipment (continued)

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

	For the fifteen-month period ended 31 December 2024 AED	For the year ended 30 September 2023 AED (unaudited)
Direct costs (Note 20)	16,773,077	7,566,904
General and administrative expenses (Note 21)	1,315,420	598,942
	<u>18,088,497</u>	<u>8,165,846</u>

6 Right-of-use assets

	Buildings AED	Vehicles AED	Total AED
<i>Cost</i>			
At 1 October 2022 (Unaudited)	73,554,916	26,737,030	100,291,946
Additions	21,901,448	20,890,232	42,791,680
Disposals	(2,674,071)	(10,170,784)	(12,844,855)
At 30 September 2023 (Unaudited)	<u>92,782,293</u>	<u>37,456,478</u>	<u>130,238,771</u>
Acquisition through business combination (Note 24)	10,650,935	3,534,823	14,185,758
Additions	107,206	8,712,253	8,819,459
Disposals	(12,887,091)	(6,623,322)	(19,510,413)
At 31 December 2024	<u>90,653,343</u>	<u>43,080,232</u>	<u>133,733,575</u>
<i>Accumulated depreciation</i>			
At 1 October 2022 (Unaudited)	12,085,607	12,561,387	24,646,994
Charge for the year	24,346,705	7,121,800	31,468,505
Disposals	(2,362,489)	(10,170,784)	(12,533,273)
At 30 September 2023 (Unaudited)	<u>34,069,823</u>	<u>9,512,403</u>	<u>43,582,226</u>
Charge for the period	35,815,545	9,387,664	45,203,209
Disposals	(9,679,601)	(5,967,809)	(15,647,410)
At 31 December 2024	<u>60,205,767</u>	<u>12,932,258</u>	<u>73,138,025</u>
<i>Net carrying amount</i>			
At 30 September 2023 (Unaudited)	<u>58,712,470</u>	<u>27,944,075</u>	<u>86,656,545</u>
At 31 December 2024	<u>30,447,576</u>	<u>30,147,974</u>	<u>60,595,550</u>

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (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 fifteen-month period ended 31 December 2024 AED	For the year ended 30 September 2023 AED (unaudited)
Direct costs (Note 20)	42,688,878	29,519,657
General and administrative expenses (Note 21)	2,514,331	1,948,848
	<u>45,203,209</u>	<u>31,468,505</u>

7 Intangible assets

	Software AED	Customer relationships AED	Goodwill AED	Total AED
Cost				
At 1 October 2022 (Unaudited)	14,078,261	-	-	14,078,261
Additions	289,550	-	-	289,550
At 30 September 2023 (Unaudited)	14,367,811	-	-	14,367,811
Acquisition through business combination (Note 24)	-	200,100,000	87,971,591	288,071,591
At 31 December 2024	<u>14,367,811</u>	<u>200,100,000</u>	<u>87,971,591</u>	<u>302,439,402</u>
Accumulated amortisation				
At 1 October 2022 (Unaudited)	14,009,477	-	-	14,009,477
Charge for the year	72,800	-	-	72,800
At 30 September 2023 (Unaudited)	14,082,277	-	-	14,082,277
Charge for the period	120,647	7,503,750	-	7,624,397
At 31 December 2024	<u>14,202,924</u>	<u>7,503,750</u>	<u>-</u>	<u>21,706,674</u>
Net carrying amount				
At 30 September 2023 (Unaudited)	285,534	-	-	285,534
At 31 December 2024	<u>164,887</u>	<u>192,596,250</u>	<u>87,971,591</u>	<u>280,732,728</u>

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

7 Intangible assets (continued)

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

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

	For the fifteen- month period ended 31 December 2024 AED	For the year ended 30 September 2023 AED (unaudited)
Direct costs	60,418	-
General and administrative expenses (Note 21)	<u>7,563,979</u>	<u>72,800</u>
	<u>7,624,397</u>	<u>72,800</u>

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

The 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 and the terminal value growth rate. The other assumptions used are based on past experience and external sources.

Key assumptions are as follows:

- Discount rate: 12%
- Terminal growth rate: 2%

During the year ended 31 December 2024, management performed its annual impairment review of goodwill, using the discounted cashflow model and identified no impairment.

Goodwill has been recorded from the transaction which occurred recently during the current period. No significant deviations from the initial cash flow projections have been identified.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

8 Investment in a joint venture

During 2024, the Ultimate Controlling Parent transferred its 30% equity interest in Compass Arabia Co Ltd ("KSA JV"), with a carrying amount of AED 9,717,881 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 as this transaction is considered to be transaction with owners in its capacity as owner.

Name of joint venture	Area of domicile	Principal activities	Ownership interest	
			31 December 2024	30 September 2023 (Unaudited)
Compass Arabia Co Ltd	Kingdom of Saudi Arabia	Catering	30%	-

	31 December 2024 AED
Transferred from the Parent	9,717,881
Less: consideration payable (recognised within 'due to related parties')	(9,785)
Additional contributed capital	<u>9,708,096</u>

Movement in the joint venture during the period is as follows:

	2024 AED
Acquired during the period	9,717,881
Share of profit *	<u>1,192,879</u>
At 31 December	<u>10,910,760</u>

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

	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	<u>(7,567,682)</u>
Net assets	36,369,200
Group's share of net assets	<u>30%</u>
Carrying amount of equity accounted investment	<u>10,910,760</u>

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

8 Investment in a joint venture (continued)

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

	For the six-month period ended 31 December 2024
Revenue	84,828,915
Expenses	(79,081,438)
Depreciation	(1,260,523)
Interest expense, net	(213,362)
Income tax expense	(297,329)
Profit for the period	<u>3,976,263</u>
Share of profit at 30%	<u>1,192,879</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 six-month period ended 31 December 2024 subsequent to the share transfer which took place on 30 June 2024.

9 Inventories

	31 December 2024 AED	30 September 2023 AED (Unaudited)
Food supplies	10,465,308	6,836,158
Operating supplies	<u>5,343,577</u>	<u>2,555,390</u>
	15,808,885	9,391,548
Less: provision for impairment of slow-moving inventories	<u>(1,234,811)</u>	<u>(2,572,503)</u>
	<u>14,574,074</u>	<u>6,819,045</u>

Material consumed during the period ended 31 December 2024 amounted to AED 641,867,390 (for the year ended 30 September 2023: AED 477,609,083) and was included in direct costs (Note 20).

The movement in inventory provision is as follows:

	2024 AED	2023 AED
As at 1 October	2,572,503	2,572,503
Reversal for the period/year (Note 20)	<u>(1,337,692)</u>	<u>-</u>
As at 31 December	<u>1,234,811</u>	<u>2,572,503</u>

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

10 Trade and other receivables

	31 December 2024 AED	30 September 2023 AED (Unaudited)
Trade receivables	596,034,174	508,266,654
Less: provision for impairment of trade receivables	(23,463,277)	(14,235,124)
	<u>572,570,897</u>	<u>494,031,530</u>
Contract assets	35,872,382	20,567,958
Rebates	-	34,147,304
Prepayments	10,620,968	10,217,259
Other receivables	41,052,205	8,514,173
	<u>660,116,452</u>	<u>567,478,224</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.

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 during the period/year was as follows:

	31 December 2024 AED	30 September 2023 AED (Unaudited)
At 1 October	14,235,124	17,538,679
Charge during the period/year	9,228,153	904,989
Write off	-	(4,208,544)
At 31 December/30 September	<u>23,463,277</u>	<u>14,235,124</u>

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Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

10 Trade and other receivables (continued)

The total impact of the provision for impairment of financial assets in the profit or loss for the period ended 31 December 2024 is AED 9,228,153 (for the year ended 30 September 2023: AED 904,989).

As 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
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>
2023							
Gross receivables (AED)	508,266,654	170,039,592	123,863,651	56,106,769	38,641,774	112,124,223	7,490,645
Provision (%)	-	-	2%	3%	6%	2%	87%
Provision amount (AED)	(14,235,124)	-	(1,979,116)	(1,473,335)	(2,497,207)	(1,752,276)	(6,533,190)
Net receivables (AED)	<u>494,031,530</u>	<u>170,039,592</u>	<u>121,884,535</u>	<u>54,633,434</u>	<u>36,144,567</u>	<u>110,371,947</u>	<u>957,455</u>

At 31 December 2024, the Group had significant concentration of credit risk with five customers accounting to AED 286,600,367 representing 48% of total trade receivables (30 September 2023: four customers amounting to AED 259,342,537 representing 49% 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 2024.

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Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

11 Related party transactions and balances

Related parties comprise the shareholders of the Company, the directors and those enterprises over which the 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 fifteen-month period ended 31 December 2024 AED	For the year ended 30 September 2023 AED (Unaudited)
<i><u>Entities controlled by the Parent</u></i>			
Al Ghazal Transport Company	Purchases	73,459,054	35,406,642
The Ritz-Carlton Abu Dhabi, Grand Canal	Sales	3,383,984	1,117,669
Sunshine Travel & Tours	Purchases	5,521,232	8,441,559
Kempinski Central Avenue	Sales	2,758,613	-
Kempinski The Boulevard	Sales	2,394,357	-
Park Hyatt Abu Dhabi Hotels and Villas	Sales	1,896,384	78,915
	Purchases		
Others	& sales	10,517,909	2,088,536
<i><u>Parent</u></i>			
Abu Dhabi National Hotels Company PJSC	Purchases & sales	15,247,720	1,718,638
<i><u>Joint venture</u></i>			
Compass Arabia Co. Ltd	Loan	5,077,207	-
Transfer of provision for employees' end of service benefits		-	2,951,097
Key management personnel compensation			
Salaries and allowances		11,931,190	8,725,144
Post-employment benefits		695,412	416,890
		<u>12,626,602</u>	<u>9,142,034</u>
Board remuneration		<u>1,400,000</u>	<u>-</u>
Number of key management personnel		<u>10</u>	<u>9</u>

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Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

11 Related party transactions and balances (continued)

	31 December 2024 AED	30 September 2023 AED (Unaudited)
Due from related parties:		
<i>Ultimate Parent Company</i>		
Abu Dhabi National Hotels Company PJSC	545,893	78,238
<i>Entities under common control of the Parent</i>		
Compass Arabia Co. Ltd	4,947,489	805
Kempinski Central Avenue Hotel	858,017	-
Dubai Marina Hotel LLC	731,999	-
Kempinski The Boulevard Hotel	528,164	-
Park Hyatt Abu Dhabi Hotels and Villas	473,788	14,131
Al Ghazal Transport Company	469,498	114,941
VDD Hotel	417,620	-
SOFITEL HOTEL DUBAI	411,524	-
MDD Hotel LLC	404,662	-
The Ritz-Carlton Abu Dhabi, Grand Canal	401,107	510,814
A D N H Catering L.L.C	-	24,793,797
A N D H Compass LLC SP	-	1,464,506
Compass Catering Services W.L.L.	-	11,139
Others	789,727	53,344
	<u>10,979,488</u>	<u>27,041,715</u>
Due to related parties:		
<i>Entities under common control of the Parent</i>		
Al Ghazal Transport Company	15,777,187	16,897,540
Sunshine Travel & Tours	842,830	3,524,797
Others	44,818	964,770
	<u>16,664,835</u>	<u>21,387,107</u>
<i>Ultimate Parent Company</i>		
Abu Dhabi National Hotels Company PJSC	5,003,528	1,790,810
	<u>21,668,363</u>	<u>23,177,917</u>

Balance for Compass Arabia Co. Ltd includes a non-interest-bearing loan in an amount of AED 4,905,000 which is receivable on demand and hence classified as a current asset.

12 Cash and cash equivalents

	31 December 2024 AED	30 September 2023 AED (Unaudited)
Cash in hand	224,152	853,617
Cash at bank	150,002,203	164,843,711
Short term deposits	40,000,000	-
	<u>190,226,355</u>	<u>165,697,328</u>

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Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

12 Cash and cash equivalents (continued)

Short-term deposits represent deposits placed during the period with original maturities of less than 3 months with local banks. The short-term deposits carry average interest rates of 5% per annum. Finance income recorded during the period amounted to AED 3,128,994 (30 September 2023 AED 2,783,853) (Note 23).

13 Share capital

	31 December 2024 AED	30 September 2023 AED (Unaudited)
<i>Authorised, issued and fully paid</i>		
2,250,000,000 ordinary shares of AED 0.1 each	225,000,000	-
At 1 October	-	-
Issuance of share capital	3,673	-
Increase in share capital	224,996,327	-
	225,000,000	-

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 the period, 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 11 February 2025, the Board of Directors proposed a cash dividend of AED 0.027 per share amounting to AED 60 million.

Additional contributed capital:

The movement of additional contributed capital during the period was as follows:

	2024 AED	2023 AED (Unaudited)
At 1 October	20,000,000	20,000,000
Business combination of entities under common control (Note 24)	276,088,627	-
Acquisition of a joint venture from the Parent (Note 8)	9,708,096	-
Increase in share capital (Note 13)	(224,996,327)	-
Additional contributed capital	61,553,802	-
At 31 December/30 September	142,354,198	20,000,000

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Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (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 (Note 24) which was recognised as additional contributed capital.
- The Group acquired a 30% equity interest in KSA JV with a value of AED 9,708,096 (Note 8) recognised as additional contributed capital.
- During the period, the Group declared a dividend of AED 211,435,726 (30 September 2023: AED 214,350,828) out of which AED 149,881,924 (30 September 2023: AED 214,350,828) was paid in cash and the balance AED 61,553,802 (30 September 2023: nil) 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 period, 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 to fund the purchase of the shares.

At 31 December 2024, the Market Maker held 22.1 million shares of the Company on behalf of the Group at AED 20.4 million, which is classified under equity as at 31 December 2024, the remaining amount is presented in other receivables.

15 Lease liabilities

	2024 AED	2023 AED (Unaudited)
At 1 October	77,971,210	65,514,053
Acquired through business combination (Note 24)	14,182,505	-
Additions during the period/year	8,819,459	45,211,843
Disposals	(3,863,003)	-
Accretion of interest	2,952,046	2,784,246
Payments	(43,595,273)	(35,538,932)
At 31 December/30 September	<u>56,466,944</u>	<u>77,971,210</u>
		(64)

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Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

15 Lease liabilities (continued)

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

	31 December 2024 AED	30 September 2023 AED (Unaudited)
Non-current	24,481,384	47,584,568
Current	31,985,560	30,386,642
	<u>56,466,944</u>	<u>77,971,210</u>

For short-term rent refer to Note 20.

Amounts recognised in the consolidated statement of comprehensive income:

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	For the fifteen- month period ended 31 December 2024 AED	For the year ended 30 September 2023 AED (Unaudited)
Depreciation of right of use asset (Note 6)	45,203,209	31,468,505
Finance cost - lease liabilities (Note 23)	<u>2,952,046</u>	<u>2,784,246</u>

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

	For the fifteen- month period ended 31 December 2024 AED	For the year ended 30 September 2023 AED (Unaudited)
Finance cost paid on lease liabilities (Note 23)	2,952,046	2,784,246
Principal element of lease liabilities	<u>40,643,227</u>	<u>32,754,686</u>

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Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (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.

	2024 AED	2023 AED
At 1 October	110,130,739	117,377,324
Acquired through business combination (Note 24)	1,674,909	-
Service costs for the period/year	18,018,719	20,218,570
Interest expense for the period/year	6,881,907	-
Paid during the period/year	(16,137,482)	(30,416,252)
Loss due to changes in demographic assumptions	709,657	-
Loss due to changes in financial assumptions	5,644,849	-
Experience gain	(12,603,538)	-
Transfer from a related party	-	2,951,097
At 31 December/30 September	<u>114,319,760</u>	<u>110,130,739</u>

The provision is recognised based on the following significant assumptions:

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

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

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

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

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

Sensitivity analysis

The liability would be higher by AED 6,164,047 had the discount rate used in the assumption been lower by 1% and the liability would be lower by AED 7,290,202 had the discount rate used in the assumption been higher by 1%. The liability would be higher by AED 6,161,260 had the salary rate used in the assumption been higher by 1% and the liability would be lower by AED 7,291,612 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.

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Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

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

Sensitivity analysis (continued)

For mortality rates, a 10% increase would result in a decrease in liability of AED 255,050, while a 10% decrease would result in an increase in liability of AED 1,982,155. Regarding withdrawal rates, a 10% increase would lead to an increase in liability of AED 258,804, whereas a 10% decrease would result in an increase in liability of AED 1,537,820

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.

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Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

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

e) Discount rate risk (continued)

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

Pension contribution

The pension charge for the fifteen-month period ended 31 December 2024 is AED 1,416,691 (30 September 2023: AED 1,129,007). The pension contribution is towards the state pension fund therefore accounted for as a defined contribution.

17 Trade and other payables

	31 December 2024 AED	30 September 2023 AED (Unaudited)
Trade payables	199,089,456	175,227,568
Accrued expenses	153,087,312	181,084,191
Other payables	66,440,653	58,923,182
	<u>418,617,421</u>	<u>415,234,941</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

	31 December 2024 AED	30 September 2023 AED (Unaudited)
<i>Borrowings with commercial banks:</i>		
Due in less than one year – current liability	<u>50,484,586</u>	<u>-</u>

On 1 November 2024, the Group obtained a term loan from a local bank which amounted to AED 50 million. The loan is repayable after 12 months by 1 November 2025. At the reporting date, the loan amount included AED 484,586 in accrued interest. This loan carries an interest of 1.25% + 3 month EIBOR. The loan is under an irrevocable corporate guarantee of Abu Dhabi National Hotels Company PJSC.

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Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

18 Bank borrowings (continued)

Compliance with covenants

The Group has complied with the financial covenants of the borrowings during the period. Under the terms of borrowing, the Group is required to comply with the following financial covenants at all times:

- 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 costumers

	For the fifteen-month period ended 31 December 2024 AED	For the year ended 30 September 2023 AED (unaudited)
Catering	1,103,786,541	783,531,536
Manpower	502,945,862	339,679,242
Fixed fee services	124,580,747	157,485,030
Food and beverage	110,177,923	58,966,572
Non-food supplies	21,146,310	17,469,775
Laundry	12,457,109	11,479,485
Shop sales	5,030,214	3,172,733
Other revenues	12,097,287	17,007,827
	<u>1,892,221,993</u>	<u>1,388,792,200</u>
Timing of revenue recognition		
Over time	627,526,609	497,164,272
At a point in time	1,264,695,384	891,627,928
	<u>1,892,221,993</u>	<u>1,388,792,200</u>
<i>Assets related to contracts with customers</i>		
Contract assets (Note 10)	<u>35,872,382</u>	<u>20,567,958</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. Contract assets have increased as the Group has provided services ahead of the agreed schedules.

A D N H Catering plc

Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

19 Revenues from contracts with costumers (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 2024 is AED 238,822,267 (30 September 2023: AED 175,283,081). The Group expects to recognise the unsatisfied performance obligations as revenue in the next 12 months reporting period of AED 206,495,988 (30 September 2023: AED 151,557,279).

20 Direct costs

	For the fifteen-month period ended 31 December 2024 AED	For the year ended 30 September 2023 AED (unaudited)
Staff costs (Note 22)	778,946,931	531,907,080
Costs of materials (Note 9)	641,867,390	477,609,083
Depreciation of right-of-use assets (Note 6)	42,688,878	29,519,657
Short term rent	23,271,145	17,531,273
Maintenance	23,133,442	20,891,702
Transportation	29,245,424	16,752,349
Depreciation of property and equipment (Note 5)	16,773,077	7,566,904
Reversal for slow-moving inventories (Note 9)	(1,337,692)	-
Others	39,424,589	22,992,985
	<u>1,594,013,184</u>	<u>1,124,771,033</u>

21 General and administrative expenses

	For the fifteen-month period ended 31 December 2024 AED	For the year ended 30 September 2023 AED (unaudited)
Staff costs (Note 22)	56,338,046	56,399,071
Software maintenance and support	11,028,077	8,784,481
Amortisation of intangible assets (Note 7)	7,563,979	72,800
Depreciation of right-of-use assets (Note 6)	2,514,331	1,948,848
License fees	2,462,832	4,857,439
Depreciation of property and equipment (Note 5)	1,315,420	598,942
Board remuneration	1,400,000	-
Others	5,608,882	2,294,301
	<u>88,231,567</u>	<u>74,955,882</u>

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Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

22 Staff costs

	For the fifteen-month period ended 31 December 2024 AED	For the year ended 30 September 2023 AED (unaudited)
Salaries and wages	690,436,775	457,649,116
Employees' end of service benefits (Note 16)	24,900,626	20,218,570
Pension costs	1,416,691	1,129,007
Other benefits	118,530,885	109,309,458
	<u>835,284,977</u>	<u>588,306,151</u>
Direct costs (Note 20)	778,946,931	531,907,080
General and administrative expenses (Note 21)	56,338,046	56,399,071
	<u>835,284,977</u>	<u>588,306,151</u>

During the period ended 31 December 2024, the average number of staff employed in the Group converted into full-time equivalents was 17,025 employees (2023: 15,096 employees).

23 Finance costs – net

	For the fifteen-month period ended 31 December 2024 AED	For the year ended 30 September 2023 AED (unaudited)
<i>Finance income:</i>		
Interest income	<u>3,128,994</u>	<u>2,783,853</u>
<i>Finance costs:</i>		
Finance cost on lease liabilities (Note 15)	2,952,046	2,784,246
Bank interest and charges	<u>1,610,606</u>	<u>-</u>
Finance costs expensed	<u>4,562,652</u>	<u>2,784,246</u>
Net finance costs	<u>1,433,658</u>	<u>393</u>

24 Transfer of ADNHC Dubai and ADNHC Sharjah to ADNHC Abu Dhabi from Parent

On 31 March 2024, the Ultimate Parent Company (ADNH PJSC) obtained control over ADNHC Abu Dhabi, ADNHC Dubai and ADNHC Sharjah (together the “ADNHC entities”) through its acquisition of the remaining 49% shareholding in the ADNHC entities. A fair value assessment was performed to determine the fair values of ADNHC entities at the Ultimate Parent Company.

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Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

24 Transfer of ADNHC Dubai and ADNHC Sharjah to ADNHC Abu Dhabi from Parent (continued)

On 11 June 2024 and 26 June 2024, ADNHC PJSC has transferred its 100% equity interest in ADNHC Dubai and ADNHC Sharjah entities, respectively, to ADNHC Abu Dhabi for a total consideration of AED 20,000. This transaction is considered a common control transaction as these entities continued to be controlled by ADNHC 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 method of accounting for this transaction and transferred these entities at the carrying values of the net assets. The excess of net asset value acquired over the purchase consideration has been recorded as “Additional contributed capital” within equity in the consolidated statement of financial position.

The acquired business contributed revenues of AED 262,749,617 and net profit of AED 20,961,977 to the Group for the period from 1 April 2024 to 31 December 2024. If the transfer occurred on 1 October 2023, the consolidated revenue and consolidated profit after tax for the fifteen-month ended 31 December 2024 would have been AED 2,057,416,099 and AED 190,092,168 respectively.

The following table summarises the recognised amounts of assets and liabilities:

	31 March 2024 AED
Assets	
Property and equipment (Note 5)	5,564,926
Right-of-use assets (Note 6)	14,185,758
Intangible assets (including pre-existing goodwill) (Note 7)	288,071,591
Inventories	2,385,097
Trade and other receivables	125,384,600
Cash and cash equivalents	455,837
	<u>436,047,809</u>
Liabilities	
Provision for employees’ end of service benefits	1,674,909
Deferred tax liabilities	17,998,727
Lease liabilities	14,182,505
Trade and other payables	84,795,900
Due to related parties	41,287,141
	<u>159,939,182</u>
Value of identifiable net assets acquired (including pre-existing goodwill)	276,108,627
Consideration payable (recognised within ‘due to related parties’)	(20,000)
Recorded as Additional contributed capital	<u>276,088,627</u>

Acquired receivables

The fair value of acquired trade receivables is AED 103,563,786. The gross contractual amount for trade receivables due was AED 120,945,899, with a loss allowance of AED 17,382,113 recognised on acquisition.

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Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

24 Transfer of ADNHC Dubai and ADNHC Sharjah to ADNHC Abu Dhabi from Parent (continued)

Intangible assets (pre-existing) transferred from the Parent as part of the business combination under common control to ADNHC Abu Dhabi are as follows:

	31 March 2024 AED
Customer relationships	200,100,000
Goodwill	87,971,591
	<u>288,071,591</u>

The impact on the consolidated statement of cash flows is AED 455,837 representing the cash acquired through business combination as other elements related to this transaction are non-cash transactions.

25 Income taxes

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

	31 December 2024 AED	30 September 2023 AED (Unaudited)
Current tax	<u>18,728,342</u>	<u>-</u>
<i>Deferred tax</i>		
Increase in deferred tax assets, net	(674,828)	-
Decrease in deferred tax liabilities	<u>(124)</u>	<u>-</u>
	<u>(674,952)</u>	<u>-</u>
	<u>18,053,390</u>	<u>-</u>

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

	31 December 2024 AED	30 September 2023 AED (Unaudited)
Profit before income tax	<u>200,770,778</u>	<u>211,435,726</u>
Tax using the Group's tax rate of 9%	18,069,370	19,029,215
<i>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</i>		
Donations, grants, gifts to non-Qualifying Public Benefit Entities disallowed	(34,012)	-
Share of net profit of investments accounted for using the equity method	107,359	-
Miscellaneous	(89,327)	-
Income not taxable	<u>-</u>	<u>(19,029,215)</u>
	<u>18,053,390</u>	<u>-</u>
		(73)

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Notes to the consolidated financial statements for the fifteen-month period ended 31 December 2024 (continued)

25 Income taxes (continued)

For determining the tax expense for the period, the accounting profit has been considered for tax purposes. The average effective tax rate is approximately 9%.

Deferred tax liabilities movement during the period:

	Intangible assets AED	Right-of- use assets AED	Lease liabilities AED	Total AED
At 1 October 2023 (Unaudited)	-	-	-	-
Acquired through business combination	18,008,999	(15,250)	4,978	17,998,727
(Charge)/credit during the period	(675,209)	381	(124)	(674,952)
At 31 December 2024	<u>17,333,790</u>	<u>(14,869)</u>	<u>4,854</u>	<u>17,323,775</u>

26 Basic and diluted earnings per share

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

Diluted EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the 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. As at 31 December 2024 and 30 September 2023, there were no shares which were dilutive in nature.

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

	31 December 2024 AED
Earnings attributable to equity holders of the Parent (AED)	182,717,388
Weighted average number of shares in issue	<u>2,250,000,000</u>
Basic and diluted earnings per share (AED)	<u>0.081</u>

The weighted average number of ordinary shares for periods presented have been adjusted for the effects of capitalisation arising from the reorganisation which resulted in the issuance of 2,250,000,000 ordinary shares in June 2024. The basic and diluted earnings per share for the year ended 30 September 2023 was not disclosed as the Company did not have share capital during 2023.

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Notes to the financial statements for the fifteen-month period ended 31 December 2024 (continued)

27 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.

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Notes to the financial statements for the fifteen-month period ended 31 December 2024 (continued)

27 Segment information (continued)

For the period ended 31 December 2024	Catering services AED	Support services AED	Total 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	1,177,470,723	714,751,270	1,892,221,993
Direct costs	(943,999,612)	(650,013,572)	(1,594,013,184)
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	(3,477,739)	(1,084,913)	(4,562,652)
Profit for the period	157,901,289	42,869,489	200,770,778

For the year ended 30 September 2023 (Unaudited)

Revenue from customers			
- Over a period of time	34,967,672	462,196,600	497,164,272
- At a point in time	839,900,312	51,727,616	891,627,928
Total revenues	874,867,984	513,924,216	1,388,792,200
Direct costs	(665,289,129)	(459,481,904)	(1,124,771,033)
Gross profit	209,578,855	54,442,312	264,021,167
General and administrative expenses	(60,002,662)	(14,953,220)	(74,955,882)
Reversal for impairment of financial assets	(897,915)	(7,074)	(904,989)
Other income	18,645,425	4,630,398	23,275,823
Finance income	2,209,810	574,043	2,783,853
Finance costs	(2,210,122)	(574,124)	(2,784,246)
Profit for the year	167,323,391	44,112,335	211,435,726

Revenue of approximately AED 323,119,371 (for the year ended 30 September 2023: AED 230,053,955) is derived from one customer. This revenue is attributed to catering services only.

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Notes to the financial statements for the fifteen-month period ended 31 December 2024 (continued)

28 Contingent liabilities

	31 December 2024 AED	30 September 2023 AED (Unaudited)
Bank guarantees	<u>201,265,047</u>	<u>211,066,462</u>
Within one year	22,377,955	12,721,402
Between one and two years	1,719,578	12,838,997
Above two years	<u>177,167,514</u>	<u>185,506,063</u>
	<u>201,265,047</u>	<u>211,066,462</u>

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

Commitments

The estimated commitments contracted at 31 December 2024 amounts to AED 42.3 million (30 September 2023: AED 12.2 million).

29 Non-cash transactions

Material non-cash transactions during the period ended 31 December 2024 and for the year ended 30 September 2023 are as follows:

	31 December 2024 AED	30 September 2023 AED (Unaudited)
Acquisition of subsidiaries (net assets acquired through business combination excluding cash and cash equivalents)	<u>275,632,790</u>	<u>-</u>
Investment in a joint venture (Note 8)	<u>9,708,096</u>	<u>-</u>
Right-of-use assets (Note 6)	<u>8,819,459</u>	<u>42,791,680</u>
Lease liabilities (Note 15)	<u>8,819,459</u>	<u>45,211,843</u>
Increase in share capital (Note 13)	<u>224,996,327</u>	<u>-</u>
Conversion of dividend declared to Additional contributed capital (Note 13)	<u>61,553,802</u>	<u>-</u>
Dividends declared but not paid	<u>-</u>	<u>214,350,828</u>
Transfer of provision for employees' end of service benefits from a related party	<u>-</u>	<u>2,951,097</u>

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Notes to the financial statements for the fifteen-month period ended 31 December 2024 (continued)

30 Financial instruments by category

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

	31 December 2024 AED	30 September 2023 AED (Unaudited)
Financial assets:		
Trade and other receivables	649,495,484	557,260,965
Due from related parties	10,979,488	27,041,715
Cash and cash equivalents	190,226,355	165,697,328
	<u>850,701,327</u>	<u>750,000,008</u>
Financial liabilities		
Trade and other payables	418,617,413	415,234,941
Due to related parties	21,668,363	23,177,917
Bank borrowings	50,484,586	-
Lease liabilities	56,464,944	77,971,210
	<u>547,235,306</u>	<u>516,384,068</u>

*For the purpose of the above disclosure, prepayments amounting to AED 10,620,968 (for the year ended 30 September 2023: AED 10,217,259) were excluded from trade and other receivables.

31 Reconciliation of liabilities arising from financing activities

	31 December 2024 AED	30 September 2023 AED (Unaudited)
Cash and cash equivalent	190,226,355	165,697,328
Bank borrowing – repayable within one year	(50,484,586)	-
Lease liabilities	(56,466,944)	(77,971,210)
Net debt	<u>83,274,825</u>	<u>87,726,118</u>

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Notes to the financial statements for the fifteen-month period ended 31 December 2024 (continued)

31 Reconciliation of liabilities arising from financing activities (continued)

	<u>Other assets</u>	<u>Liabilities from financing activities</u>		
	Cash and cash equivalent AED	Bank borrowing – repayable within one year AED	Lease liabilities AED	Total AED
Net debt				
As 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)
As at 31 December 2024	<u>190,226,355</u>	<u>(50,484,586)</u>	<u>(56,466,944)</u>	<u>83,274,825</u>
As at 1 October 2022 (unaudited)	317,535,458	-	(65,514,053)	252,021,405
Cash flows	(151,838,130)	-	(12,457,157)	(164,295,287)
As at 30 September 2023 (unaudited)	<u>165,697,328</u>	<u>-</u>	<u>(77,971,210)</u>	<u>87,726,118</u>

32 Events occurring after the reporting date

Acquisition of Compass Arabia Limited Company

On 12 December 2024, the Group acquired an additional 20% of the issued shares in Compass Arabia Limited Company, a leading provider of catering services in Saudi Arabia. This acquisition increased the Group's total ownership in Compass Arabia to 50%. The total consideration for this transaction is AED 4,091,042 (SAR 4,177,375).

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

Acquisition of Food Nation Catering Services LLC

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