

**Modon Holding PSC and  
its subsidiaries**

BOARD OF DIRECTORS' REPORT AND  
CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

# Modon Holding PSC and its subsidiaries

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## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2025

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**Modon Holding PSC and  
its subsidiaries**

BOARD OF DIRECTORS' REPORT

31 DECEMBER 2025

## Modon Holding PSC and its subsidiaries

### BOARD OF DIRECTORS' REPORT

For the year ended 31 December 2025

The Directors present their report together with the audited consolidated financial statements of Modon Holding PSC (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2025.

#### Principal activities

The Group operates across multiple business activities, including the development, management, sales, leasing and other associated services for real estate. The Group is also engaged in the development, management and operations of hotels and exhibition venues, with a broad portfolio of assets under management across retail, residential, commercial, and sports & leisure. In addition, the Group provides services across events, catering and tourism, while partnering with and investing in strategic businesses.

#### Financial results

The financial results of the Group have been presented on page 7 of the consolidated financial statements. The consolidated financial statements for the year ended 31 December 2025 were approved by the Board of Directors and authorised for issue on 18 February 2026.

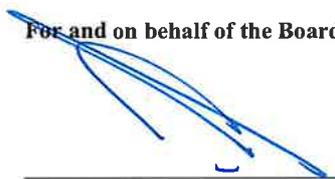
#### Directors

H.E. Jassem Mohamed Obaid Bu Ataba Alzaabi	Chairman
H.E. Abdulla Mohamed Butti Al Hamed	Vice Chairman
H.E. Mohamed Ali Mohamed Alshorafa Alhammadi	Director
H.E. Dr. Ahmed Mubarak Ali Rashed Almazrouei	Director
H.E. Mariam Mohammed Saeed Hareb Almheiri	Director
H.E. Abdulla Abdulhameed Merzaali Alsahi	Managing Director
Mr. Hamad Abdulla Mohamed Alshorafa Alhammadi	Director
Mr. Gregory Howard Fewer	Director
Mr. Mohamed Karim Bennis	Director

#### Release

The Directors release management and the external auditors from liability in connection with their duties for the year ended 31 December 2025.

For and on behalf of the Board of Directors

  
H.E. Jassem Mohamed Obaid Bu Ataba Alzaabi  
Chairman

Date: 18 February 2026



**Modon Holding PSC and  
its subsidiaries**

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025



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## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**

### **MODON HOLDING PSC**

#### **Report on the Audit of the Consolidated Financial Statements**

##### *Opinion*

We have audited the consolidated financial statements of Modon Holding PSC (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

##### *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 are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *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 year. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

MODON HOLDING PSC continued

### Report on the Audit of the Consolidated Financial Statements continued

#### *Key audit matters* continued

##### *Fair value of investment properties*

The Group's investment properties including investment properties under development amounted to AED 9,462 million representing 10.87% of total assets as of 31 December 2025 (2024: AED 9,336 million representing 12.3%) (note 16).

The Group accounts for investment properties initially at cost and subsequently measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in consolidated statement of profit or loss. The Group has used valuations carried out by independent third-party valuers with appropriate experience of the particular market in which the properties are held as well as in-house valuations prepared by management to determine the fair value of investment properties for the year ended 31 December 2025.

As the fair value is determined based on level 3 valuation methodologies, it requires management to apply significant judgement in determining the fair value of investment properties. We have identified the recognition and valuation of investment properties as a key audit matter in view of the significant judgments involved.

How the matter was addressed during our audit:

- Involved our real estate specialists to assist us in evaluating the assumptions and methodologies of the external and in-house valuations prepared by management;
- Gained an understanding of management expert's valuation methodologies and their assumptions and assessed the reasonableness of the valuations on a sample basis based on evidence of comparable market transactions and other publicly available information relating to the property industry;
- Inspected agreements / title deeds to assess whether that all properties are either owned or unconditionally assigned to the Group; and
- Evaluated the appropriateness and adequacy of the related disclosures in the notes to the consolidated financial statements in accordance with IFRS Accounting Standards.

#### *Revenue recognition*

Revenue recognition is considered to be a key area of focus given there are multiple revenue streams associated with the Group which come from various decentralized operational locations. The Group has a variety of customer contracts and revenue arrangements that require careful consideration and judgement to determine the appropriate revenue recognition. Further, revenue is also a key performance indicator for the Group's performance. During the year ended 31 December 2025, total revenue of the Group amounted to AED 13,829 million (2024: AED 6,511 million) (note 5).

We reviewed the revenue recognition policies applied by the Group to assess their compliance with IFRS Accounting Standards' requirements. For each material operational location with significant revenue streams, we performed or involved component auditors to perform substantive audit procedures which included substantive analytical procedures at the Group and subsidiary level and performed testing on transactions around the year end, to assess whether revenues were recognised in the correct accounting period and in line with IFRS Accounting Standards' requirements.



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## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**

**MODON HOLDING PSC** continued

### **Report on the Audit of the Consolidated Financial Statements** continued

#### *Other information*

Other information consists of the information included in the Board of Director's report, other than the consolidated financial statements and our auditor's report thereon. We obtained the Board of Director's report prior to the date of our audit report. The Board of Directors and management are responsible for the other information.

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

#### *Responsibilities of management and the Board of Directors 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 in compliance with the applicable provisions of the Articles of Association of the Company and the UAE Federal Law No. (32) of 2021 (as amended), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors 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 ISA 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.



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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

MODON HOLDING PSC continued

### Report on the Audit of the Consolidated Financial Statements continued

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

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 the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the 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 safeguards applied.



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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

MODON HOLDING PSC continued

### Report on the Audit of the Consolidated Financial Statements continued

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

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

### Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (32) of 2021, as amended, we report that for the year ended 31 December 2025:

- i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021, as amended, the Articles of Association of the Company;
- iii) the Group has maintained proper books of account;
- iv) the consolidated financial information included in the Directors' report is consistent with the books of account and records of the Group;
- v) investments in shares and stocks are included in note 17 and 18 to the consolidated financial statements and include purchases and investments made by the Group during the year ended 31 December 2025;
- vi) note 30 reflects the disclosures relating to material related party transactions and the terms under which they were conducted;
- vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened, during the financial year ended 31 December 2025, any of the applicable provisions of the UAE Federal Law No. (32) of 2021, as amended, or of its Articles of Association which would materially affect its activities or its consolidated financial position as at 31 December 2025; and
- viii) during the year, the Group made no social contributions.



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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

MODON HOLDING PSC continued

### Report on Other Legal and Regulatory Requirements continued

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

- i) Its Articles of Association of the Company which would materially affect its activities or its financial position as at 31 December 2025; and
- ii) Relevant provisions of the applicable laws, resolutions and circulars organising the Group's operations.

For Ernst & Young

A handwritten signature in black ink, appearing to read 'Walid J Nakfour', written in a cursive style.

Walid J Nakfour  
Registration No: 5479

18 February 2026  
Abu Dhabi, United Arab Emirates

## Modon Holding PSC and its subsidiaries

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	<i>Notes</i>	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
<b>CONTINUING OPERATIONS</b>			
Revenues	5	<b>13,828,869</b>	6,511,182
Direct costs	6	<b><u>(8,803,610)</u></b>	<u>(4,194,675)</u>
<b>GROSS PROFIT</b>			
		<b>5,025,259</b>	2,316,507
General and administrative expenses	7	<b>(1,547,476)</b>	(916,170)
Selling and marketing expenses		<b>(266,211)</b>	(102,857)
Change in fair value of investments carried at fair value through profit or loss	18	<b>221,952</b>	12,922
Fair value gain (loss) on revaluation of investment properties	16	<b>343,426</b>	(212,107)
Provision for impairment loss on property, plant and equipment	14	-	(539,922)
Provision for impairment loss on development work-in-progress	20	-	(406,663)
Impairment loss on goodwill	15	-	(78,141)
Bargain purchase gain on acquisition of subsidiaries	4.2	-	9,192,243
Gain (loss) on disposal of an associate	17	<b>169,677</b>	(1,623)
Share of profit from investments in associates and joint ventures	17	<b>263,592</b>	115,114
Investment and other income	8	<b>338,260</b>	239,712
Finance income	9	<b>262,923</b>	126,776
Finance costs	10	<b><u>(390,389)</u></b>	<u>(283,443)</u>
<b>PROFIT FOR THE YEAR BEFORE TAX FROM CONTINUING OPERATIONS</b>			
Income tax expense	11	<b>4,421,013</b> <b><u>(495,490)</u></b>	9,462,348 <u>(98,815)</u>
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>			
		<b><u>3,925,523</u></b>	<u>9,363,533</u>
<b>DISCONTINUED OPERATIONS</b>			
Gain on liquidation of subsidiaries, net		<b>182</b>	-
Gain on disposal of asset held for sale		-	27,920
Loss on disposal of subsidiaries		<b><u>-</u></b>	<u>(2,001)</u>
<b>PROFIT FOR THE YEAR</b>			
		<b><u>3,925,705</u></b>	<u>9,389,452</u>
<b>Profit attributable to:</b>			
Owners of the Parent		<b>4,020,102</b>	9,423,191
Non-controlling interests		<b><u>(94,397)</u></b>	<u>(33,739)</u>
<b>PROFIT FOR THE YEAR</b>			
		<b><u>3,925,705</u></b>	<u>9,389,452</u>
<b>Earnings per share</b>			
Basic and diluted earnings per share (AED)	13	<b><u>0.25</u></b>	<u>0.63</u>

The attached notes 1 to 36 form part of these consolidated financial statements.

## Modon Holding PSC and its subsidiaries

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	<i>Notes</i>	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
<b>PROFIT FOR THE YEAR</b>		<b>3,925,705</b>	9,389,452
<b>Other comprehensive income (loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss, in subsequent periods (net of tax):</i>			
Exchange difference on translation of foreign operations		<b>380,096</b>	(723,182)
Share of other comprehensive income (loss) of associates and joint ventures	17	<u>9,919</u>	<u>(172,556)</u>
		<b>390,015</b>	(895,738)
<i>Items that will not be reclassified subsequently to profit or loss, in subsequent periods:</i>			
Change in fair value of investments carried at fair value through other comprehensive income, net of tax	11 & 18	<u>(21,875)</u>	<u>(50,583)</u>
		<b>(21,875)</b>	(50,583)
Other comprehensive income (loss) for the year		<u>368,140</u>	<u>(946,321)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>4,293,845</u></b>	<b><u>8,443,131</u></b>
<b>Attributable to:</b>			
Owners of the parent		<b>4,389,375</b>	8,476,933
Non-controlling interests		<u>(95,530)</u>	<u>(33,802)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>4,293,845</u></b>	<b><u>8,443,131</u></b>

The attached notes 1 to 36 form part of these consolidated financial statements.

## Modon Holding PSC and its subsidiaries

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

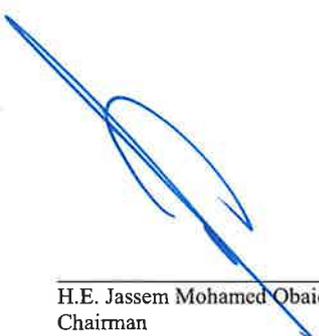
	<i>Notes</i>	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	8,812,397	7,593,191
Investment properties	16	9,461,777	9,336,725
Intangible assets and goodwill	15	952,423	537,357
Right-of-use assets	28	530,349	440,645
Investments in associates and joint ventures	17	3,723,897	2,242,891
Investments in financial assets	18	339,620	445,555
Trade and other receivables	21	395,103	538,515
Deferred tax assets	11	469,345	381,888
Amounts due from related parties	30	<u>1,183,975</u>	-
		<b><u>25,868,886</u></b>	<b><u>21,516,767</u></b>
<b>Current assets</b>			
Inventories	19	27,297,588	29,586,274
Development work-in-progress	20	6,111,794	2,461,672
Trade and other receivables	21	8,308,491	2,990,510
Investments in financial assets	18	54,685	2,532,653
Amounts due from related parties	30	6,747,554	9,314,779
Cash and bank balances	22	<u>12,641,987</u>	<u>7,009,670</u>
		<b><u>61,162,099</u></b>	<b><u>53,895,558</u></b>
Assets held for sale	12	-	512,956
		<b><u>61,162,099</u></b>	<b><u>54,408,514</u></b>
<b>TOTAL ASSETS</b>		<b><u>87,030,985</u></b>	<b><u>75,925,281</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	23	16,347,080	16,347,080
Share premium		22,398,819	22,398,819
Legal reserve	24	871,601	609,616
Merger reserve		(322,513)	(189,234)
Other reserves	25	(266,637)	(657,785)
Cumulative changes in fair value of investments		(82,159)	(32,358)
Retained earnings		<u>14,956,313</u>	<u>11,200,270</u>
<b>Equity attributable to owners of the Parent</b>		<b><u>53,902,504</u></b>	<b><u>49,676,408</u></b>
Non-controlling interests	31	<u>847,480</u>	<u>1,186,183</u>
<b>Total equity</b>		<b><u>54,749,984</u></b>	<b><u>50,862,591</u></b>

## Modon Holding PSC and its subsidiaries

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

As at 31 December 2025

	<i>Notes</i>	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
<b>EQUITY AND LIABILITIES</b> continued			
<b>Non-current liabilities</b>			
Trade and other payables	26	3,427,379	1,287,211
Deferred tax liabilities	11	1,131,012	897,248
Loans and borrowings	29	2,943,416	3,094,039
Loan from a related party	30	1,652,713	1,652,713
Amounts due to related parties	30	430,404	1,089,965
Lease liabilities	28	556,147	451,040
Employees' end of service benefits	27	<u>167,453</u>	<u>126,808</u>
		<b><u>10,308,524</u></b>	<b><u>8,599,024</u></b>
<b>Current liabilities</b>			
Trade and other payables	26	17,980,495	6,961,331
Income tax payable	11	468,089	132,227
Loans and borrowings	29	2,192,957	617,358
Lease liabilities	28	67,619	60,937
Amounts due to related parties	30	<u>1,263,317</u>	<u>8,691,405</u>
		<b>21,972,477</b>	<b>16,463,258</b>
<b>Liabilities directly associated with assets held for sale</b>	12	<u>-</u>	<u>408</u>
		<b><u>21,972,477</u></b>	<b><u>16,463,666</u></b>
<b>Total liabilities</b>		<b><u>32,281,001</u></b>	<b><u>25,062,690</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>87,030,985</u></b>	<b><u>75,925,281</u></b>

  
H.E. Jassem Mohamed Obaid Bu Ataba Alzaabi  
Chairman

  
Bill Anthony O'Regan  
Group Chief Executive Officer

  
Matt Matharu  
Group Chief Financial Officer

The attached notes 1 to 36 form part of these consolidated financial statements.

## Modon Holding PSC and its subsidiaries

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	<i>Equity attributable to Owners of the Parent</i>							<i>Total equity attributable to Owners of the Parent</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Share premium</i>	<i>Legal reserve</i>	<i>Merger reserve</i>	<i>Other reserves</i>	<i>Cumulative changes in fair value of investments</i>	<i>Retained earnings</i>			
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Balance at 1 January 2024	6,855,599	4,459,919	398,795	(189,234)	237,890	18,225	1,987,900	13,769,094	1,149,566	14,918,660
Profit (loss) for the year	-	-	-	-	-	-	9,423,191	9,423,191	(33,739)	9,389,452
Other comprehensive loss	-	-	-	-	(895,675)	(50,583)	-	(946,258)	(63)	(946,321)
Total comprehensive income (loss)	-	-	-	-	(895,675)	(50,583)	9,423,191	8,476,933	(33,802)	8,443,131
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	69,376	69,376
Increase in share capital on acquisition of subsidiaries	9,491,481	17,938,900	-	-	-	-	-	27,430,381	-	27,430,381
Transfer to legal reserve (note 24)	-	-	210,821	-	-	-	(210,821)	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	-	1,043	1,043
Balance at 31 December 2024	<u>16,347,080</u>	<u>22,398,819</u>	<u>609,616</u>	<u>(189,234)</u>	<u>(657,785)</u>	<u>(32,358)</u>	<u>11,200,270</u>	<u>49,676,408</u>	<u>1,186,183</u>	<u>50,862,591</u>
Balance at 1 January 2025	16,347,080	22,398,819	609,616	(189,234)	(657,785)	(32,358)	11,200,270	49,676,408	1,186,183	50,862,591
Profit (loss) for the year	-	-	-	-	-	-	4,020,102	4,020,102	(94,397)	3,925,705
Other comprehensive income (loss)	-	-	-	-	391,148	(21,875)	-	369,273	(1,133)	368,140
<b>Total comprehensive income (loss)</b>	-	-	-	-	391,148	(21,875)	4,020,102	4,389,375	(95,530)	4,293,845
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	-	-	-	(27,926)	27,926	-	-	-
Transfer to legal reserve (note 24)	-	-	261,985	-	-	-	(261,985)	-	-	-
Other equity movements	-	-	-	-	-	-	(30,000)	(30,000)	-	(30,000)
Business combination (note 4.1)	-	-	-	(133,279)	-	-	-	(133,279)	-	(133,279)
Dividend paid to NCI	-	-	-	-	-	-	-	-	(243,173)	(243,173)
<b>Balance at 31 December 2025</b>	<u><b>16,347,080</b></u>	<u><b>22,398,819</b></u>	<u><b>871,601</b></u>	<u><b>(322,513)</b></u>	<u><b>(266,637)</b></u>	<u><b>(82,159)</b></u>	<u><b>14,956,313</b></u>	<u><b>53,902,504</b></u>	<u><b>847,480</b></u>	<u><b>54,749,984</b></u>

The attached notes 1 to 36 form part of these consolidated financial statements.

## Modon Holding PSC and its subsidiaries

### CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	<i>Notes</i>	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
<b>OPERATING ACTIVITIES</b>			
Profit before tax from continuing operations		<b>4,421,013</b>	9,462,348
Profit before tax from discontinued operations		<b><u>182</u></b>	<u>25,919</u>
Profit before tax		<b>4,421,195</b>	9,488,267
Adjustments for:			
Depreciation on property, plant and equipment	14	<b>468,264</b>	193,207
Amortisation of intangible assets	15	<b>76,645</b>	46,619
Depreciation on right-of-use assets	28	<b>65,574</b>	25,296
Dividend income	8	<b>(128,677)</b>	(135,348)
Finance income	9	<b>(262,923)</b>	(126,776)
Amortisation of transactions costs on loans and borrowings	29	<b>4,840</b>	24,077
Finance costs	10	<b>390,389</b>	283,443
Change in fair value of investments carried at fair value through profit or loss	18	<b>(221,952)</b>	(12,922)
Change in fair value of investment properties	16	<b>(343,426)</b>	212,107
Provision for employees' end of service benefits	27	<b>48,651</b>	36,885
Provision for expected credit loss on trade and other receivables	7	<b>117,963</b>	176,852
Provision for expected credit loss amounts due from related parties	7	-	15,620
Provision for impairment loss on property, plant and equipment	14	-	539,922
Provision for impairment loss on development work in progress	20	-	406,663
Net gain on disposal of property, plant and equipment		<b>(3,795)</b>	(73)
(Gain)/loss on disposal of an associate	17 (ii)	<b>(169,677)</b>	1,623
Loss on disposal of subsidiaries		-	2,001
Share of profit from associates and joint ventures	17	<b>(263,592)</b>	(115,114)
Gain on disposal of assets held-for-sale		-	(27,920)
Amortisation expense on investments carried at amortised cost	18	<b>(626)</b>	(309)
Investment properties written off	16	<b>15,320</b>	-
Bargain purchase gain on acquisition of subsidiaries	4.2	-	(9,192,243)
Unwinding of long term discounting	8	<b>(81,336)</b>	(6,234)
Property, plant and equipment written off	14	<b>8,320</b>	25,967
Impairment of goodwill	15	-	78,141
Gain on disposal of investment properties	8	<b>(13,001)</b>	-
Liabilities written back	8	-	<u>(31,045)</u>
Operating cash flows before movements in working capital		<b><u>4,128,156</u></b>	<u>1,908,706</u>
Changes in working capital:			
Inventories		<b>2,018,584</b>	(372,564)
Development work-in-progress		<b>(3,277,829)</b>	(516,764)
Trade and other receivables		<b>(5,202,898)</b>	393,840
Trade and other payables		<b>13,039,106</b>	(1,530,296)
Amounts due from related parties		<b>1,383,251</b>	(5,762,407)
Amounts due to related parties		<b><u>(8,087,649)</u></b>	<u>9,124,707</u>
Cash generated from operations		<b>4,000,721</b>	3,245,222
Income tax paid	11	<b>(122,511)</b>	(322)
Employees' end of service benefits paid	27	<b><u>(17,837)</u></b>	<u>(13,453)</u>
Net cash generated from operating activities		<b><u>3,860,373</u></b>	<u>3,231,447</u>

## Modon Holding PSC and its subsidiaries

### CONSOLIDATED STATEMENT OF CASH FLOWS continued

Year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>AED '000</b>	<b>2024</b> <b>AED '000</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	14	<b>(1,072,497)</b>	(1,112,883)
Proceeds from disposal of property, plant and equipment		<b>17,061</b>	1,925
Proceeds from disposal of assets held for sale		-	142,765
Purchase of intangible assets	15	<b>(25,513)</b>	(5,584)
Proceeds from disposals of intangible assets		<b>20</b>	-
Proceeds from disposal of investment properties		<b>136,502</b>	-
Purchase of investment properties	16	<b>(162,556)</b>	(128,533)
Purchase of investments in financial assets		<b>(2,115)</b>	(17,262)
Dividends received		<b>130,009</b>	134,016
Interest income received		<b>264,615</b>	126,776
Proceeds from sale of investments in financial assets		<b>2,786,373</b>	65,425
Investment made in associate and joint venture	17	<b>(1,888,662)</b>	(1,661,883)
Proceeds from the disposal of investment in associate		<b>713,299</b>	27,009
Dividend received from joint ventures	17	<b>183,496</b>	21,396
Net cash (paid) acquired on acquisition of subsidiaries		<b>(413,840)</b>	1,968,759
Net movement in restricted cash and escrow accounts		<b>(126,830)</b>	(2,995,737)
Net movement in margin and term deposits		<b>813,209</b>	(555,871)
Net cash flows generated from (used in) investing activities		<b><u>1,352,571</u></b>	<b><u>(3,989,682)</u></b>
<b>FINANCING ACTIVITIES</b>			
Payment of lease liabilities	28	<b>(81,931)</b>	(75,819)
Proceeds from loan from a related party	30	-	1,652,713
Repayment of loans and borrowings	29	<b>(720,903)</b>	(422,368)
Proceeds from loans and borrowings	29	<b>1,789,437</b>	1,077,905
Finance costs paid		<b>(252,737)</b>	(204,131)
Net cash flows from financing activities		<b><u>733,866</u></b>	<b><u>2,028,300</u></b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>5,946,810</b>	1,270,065
Cash and cash equivalents at beginning of the year		<b>2,021,126</b>	825,014
Effect of foreign exchange rate changes		<b>371,886</b>	(73,953)
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	22	<b><u>8,339,822</u></b>	<b><u>2,021,126</u></b>

The attached notes 1 to 36 form part of these consolidated financial statements.

# Modon Holding PSC and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

### 1 GENERAL INFORMATION

Modon Holding PSC (the “Company” or “Modon Holding”) a private joint stock company incorporated in the Emirate of Abu Dhabi, United Arab Emirates (“UAE”) and holds commercial license No. CN-1002912 issued from the Department of Economic Development in Abu Dhabi. The Company is also listed on the growth (secondary) market on the Abu Dhabi Stock Exchange. The registered office of the Company is at Abu Dhabi Island, Al Salam Street, Plot C 35, Street 48, Q Building P.O. Box 48111, Abu Dhabi, UAE. The Company and its subsidiaries together are referred to as the “Group”.

On 30 October 2025, International Holding Company PJSC (“IHC”) and Abu Dhabi Developmental Holding Company PJSC (“ADQ”) the major shareholders, together disposed of their entire shareholding in the Company to L Imad Holding Company PJSC (the “Parent”). The Parent of the Company is wholly owned by the Abu Dhabi Government.

The Group operates across multiple business activities, including the development, management, sales, leasing and other associated services for real estate. The Group is also engaged in the development, management and operations of hotels and exhibition venues, with a broad portfolio of assets under management across retail, residential, commercial, and sports & leisure. In addition, the Group provides services across events, catering and tourism, while partnering with and investing in strategic businesses.

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 18 February 2026.

### 2.1 BASIS OF PREPARATION

#### Statement of compliance

The consolidated financial statements have been prepared under the historical cost convention except for investments carried at fair value through profit or loss, investments carried at fair value through other comprehensive income and investment properties which have been measured at fair value.

#### Accounting convention

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRSs”) as issued by International Accounting Standards Board (IASB), and the applicable requirements of the UAE Federal Law No. (32) of 2021, as amended.

#### Functional and presentation currency

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

#### Basis of consolidation

The consolidated financial statements comprise the financial information of the Company and its subsidiaries as at 31 December 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

## Modon Holding PSC and its subsidiaries

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 2.1 BASIS OF PREPARATION continued

##### **Basis of consolidation** continued

The Group reassesses 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 listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, 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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and 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 and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 2.1 BASIS OF PREPARATION continued

##### Basis of consolidation continued

Details of the Company's material subsidiaries as at 31 December 2025 and 31 December 2024 are as follows:

Name of subsidiary	Place of incorporation and operations	Principal activities	Percentage of shareholding held	
			2025	2024
MIZA Investments LLC	United Arab Emirates	Commercial Enterprises Investment, Institution and Management	100%	100%
Al Tamouh Investments Company LLC	United Arab Emirates	Development, management and	100%	100%
Insignia One Investment Sole Proprietorship LLC	United Arab Emirates	Commercial Enterprises Investment, Institution and Management, Industrial Enterprises Investment, Institution and Management	100%	100%
Al Qudra Holding - Morocco	Kingdom of Morocco	General investment	100%	100%
MHG 5 SPV LTD (i)	United Arab Emirates	Holding ownership of equity and non-equity assets	100%	-
Al Qudra Real Estate LLC	United Arab Emirates	Real estate management.	100%	100%
Modon Investment RSC Ltd. (formerly Q Investment RCS Ltd.)	United Arab Emirates	Real estate investment.	100%	100%
Ain Al Fayda Real Estate LLC	United Arab Emirates	Real estate management.	100%	100%
Reem Investments Sole Proprietorship PJSC (formerly "Reem Investments PJSC")	United Arab Emirates	Real estate management	100%	100%
Reem Developers – Sole Proprietorship L.L.C.	United Arab Emirates	Real estate management	100%	100%
Abu Dhabi National Exhibitions Company PJSC	United Arab Emirates	Venues, Events, Exhibitions	100%	100%
ADCG (UK) Ltd	United Kingdom	Holding company	100%	100%
ADCG Holdings (Jersey) Ltd	Jersey, Channel Islands	Holding company	100%	100%
London International Exhibition Centre Holdings plc	United Kingdom	Holding company	100%	100%
London International Exhibition Centre plc	United Kingdom	ExCel London venue operation	100%	100%
BDCG Holdings Limited	United Kingdom	BDC venue operation	100%	100%
ADNEC Exhibitions and Conferences LLC	United Arab Emirates	ADNEC Center venue operation	100%	100%
Capital 360 – L.L.C – O.P.C.	United Arab Emirates	Mains, rigging and production services	100%	100%
Capital Events LLC	United Arab Emirates	Event organizing	100%	100%
Capital Talent - L.L.C - S.P.C	United Arab Emirates	Human Resources Consultancy	100%	100%
Capital Catering and Services – Sole Proprietorship L.L.C.	United Arab Emirates	Food, beverages & catering services	100%	100%
Royal Catering Services - L.L.C – S.P.C	United Arab Emirates	Food, beverages & catering services	100%	100%
Tourism 365 – Sole Proprietorship LLC	United Arab Emirates	Holding company	100%	100%

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 2.1 BASIS OF PREPARATION continued

##### Basis of consolidation continued

Name of subsidiary	Place of incorporation and operations	Principal activities	Percentage of shareholding held	
			2025	2024
Capital Experience - Sole Proprietorship LLC	United Arab Emirates	Tourism services	100%	100%
Capital Holidays - Sole Proprietorship L.L.C.	United Arab Emirates	Tourism services	100%	100%
Capital Drive - Sole Proprietorship L.L.C.	United Arab Emirates	Tourism services	100%	100%
Capital Experience Jordan LLC	Hashemite Kingdom of Jordan	Tourism services	100%	100%
Capital Holidays (Ireland) Limited	Republic of Ireland	Tourism services	100%	100%
Capital Holidays (International) Sole Proprietorship L.L.C	United Arab Emirates	Tourism services	100%	100%
Capital Holidays (Europe) GmbH	Germany	Tourism services	100%	100%
twofour54 FZ-LLC	United Arab Emirates	Media infrastructure services	100%	100%
Capital Protocol- L.L.C**	United Arab Emirates	Protocol services	40%	40%
Orbis Sphere Limited	United Arab Emirates	Holding company	100%	100%
Modon Holding Experiences SPV Ltd (i)	United Arab Emirates	Holding company	100%	-
Arena Event Services Group Limited (ii)	United Kingdom	Temporary infrastructure	100%	-
AMEA Gulf Limited (ii)	United Kingdom	Temporary structures	100%	-
AESG Al Khaimah Contracting LLC (ii)	United Arab Emirates	Temporary structures	49%	-
Arena Saudi Company for Industry LLC (ii)	Saudi Arabia	Temporary structures	100%	-
Asia Tents Arena SDN BHD (ii)	Malaysia	Temporary structures	100%	-
Arena Event Services Inc. (AES Inc.) (ii)	USA	Temporary structures	100%	-
Arena Shaffer LLC (AAS LLC) (ii)	USA	Temporary structures	100%	-
Maestra Exhibitions Stands Manufacturing LLC (ii)	United Arab Emirates	Event services	100%	-
Modon Arena UK Ltd (i)	United Kingdom	Investment company	100%	-
Theta Bideo Limited United Kingdom (ii)	United Kingdom	Investment company	100%	-
Modon Arena SPV LTD (i)	United Arab Emirates	Investment company	100%	-
Modon Holding International Investments SPV Ltd	United Arab Emirates	Holding company	100%	100%
Modon Wellington Holdings LLC (i)	USA	Holding company	100%	-
Modon Harborside Holdings LLC (i)	USA	Holding company	100%	-
Modon Jersey 2FA BGCO Limited (i)	United Kingdom	Holding company	100%	-
Modon Holding International Real Estate Ltd	United Arab Emirates	Holding company	100%	100%
MHII UK Ltd	United Kingdom	Real Estate Activities	100%	100%
Sahel 1 Restricted Limited	United Arab Emirates	Special purpose company for professional investment institutions	100%	100%

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 2.1 BASIS OF PREPARATION continued

##### Basis of consolidation continued

Name of subsidiary	Place of incorporation and operations	Principal activities	Percentage of shareholding held	
			2025	2024
Sahel 2 Restricted Limited	United Arab Emirates	Special purpose company for professional investment institutions	100%	100%
Modon Ras El Hekma For Development RSC Ltd (formerly MQREC RSC Ltd)	United Arab Emirates	Holding ownership of equity and non-equity assets	100%	100%
Modon Holding Masr Spv Ltd	United Arab Emirates	Special purpose vehicle	100%	100%
Oryx Action Restricted Limited	United Arab Emirates	Special purpose company for professional investment institutions	100%	100%
Modon Holding Spain Spv Ltd	United Arab Emirates	Special Purpose Vehicle - holding ownership of equity and non-equity assets, including shares, debentures, bonds, other forms of security. Holding ownership of real property, intellectual property, other tangible and intangible assets	100%	100%
Modon Holding Asset Management LLC	United Arab Emirates	Holding company	100%	100%
Modon Facilities Management LLC SPC (i)	United Arab Emirates	Facilities Management Services	100%	-
Nexus Ltd (i)	United Arab Emirates	Business center	100%	-
Reem for Energy Investment Services – Sole Proprietorship L.L.C.	United Arab Emirates	Oil and gas projects	100%	100%
Modon Holding Hospitality LLC SPC	United Arab Emirates	Holding company	100%	100%
Aloft Abu Dhabi Hotel LLC Spc	United Arab Emirates	Hotel	100%	100%
Aurora RSC LTD	United Arab Emirates	Special purpose vehicle for investments	100%	100%
Cambridge Plaza Hotel Company EHF	Iceland	Hotel	100%	100%
Hotel Investment Assets – Sole Proprietorship LLC - O.P.C.	United Arab Emirates	Hotel	100%	100%
Modon Holding Hospitality 1 Spv Ltd (i)	United Arab Emirates	Special purpose vehicle	100%	100%
Modon Holding Hospitality UK Ltd (i)	United Kingdom	Hotel	100%	-
Modon Riviera Investco RSC Limited	United Arab Emirates	Hotel	100%	100%
Netherlands Plaza Venture Company B.V.	Kingdom of the Netherlands	Holding company	84%	84%
Modon Properties PJSC	United Arab Emirates	Holding company	100%	100%
Hudayriyat Development LLC	United Arab Emirates	Real Estate	100%	100%
Modon Properties L.L.C – Dubai	United Arab Emirates	Infrastructure development and managing of completed operating properties.	100%	100%
LITE Consulting and Development LLC	United Arab Emirates	Real Estate	100%	100%

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 2.1 BASIS OF PREPARATION continued

##### Basis of consolidation continued

Name of subsidiary	Place of incorporation and operations	Principal activities	Percentage of shareholding held	
			2025	2024
Royal Arabian Management Consultancy LLC	United Arab Emirates	Real Estate	100%	100%
Reem Hills - Sole Proprietorship LLC	United Arab Emirates	Real Estate Management	100%	100%
La Zageleta S.L.U.	Kingdom of Spain	Sporting Activities & hospitality	100%	100%
Modon Properties Spain SLU	Kingdom of Spain	Real Estate activities	100%	100%
Modon General Investment (formerly Q General Investment Ltd. (BVI))	British Virgin Islands	General investment	100%	100%
Atlantic Coast Hospitality	Kingdom of Morocco	General investment	100%	100%
Al Rayan Investment PSC	United Arab Emirates	Develop, manage and invest in real estate enterprises	99.97%	99.97%
Radiant & Moonflower Real Estate Development LLC	United Arab Emirates	Real estate investment	65%	65%
Construction Workers Residential City LLC	United Arab Emirates	Real estate investment	65%	65%
Moon Flower Real Estate Development LLC	United Arab Emirates	Real estate investment	100%	100%
T S L Properties L.L.C.	United Arab Emirates	Development project ownership, sales & leasing.	100%	100%
Modon Ltd (UK) (i)	United Kingdom	Real estate investment	100%	-
Viva Tourism Investment LLC (iii)	United Arab Emirates	Hospitality services, Restaurants management, Tourist Enterprises Investment, Institution and Management	-	100%
Al Qudra Healthcare LLC (iii)	United Arab Emirates	Healthcare & hospitality	-	100%
Q Malls - Sole Proprietorship LLC (iii)	United Arab Emirates	Real estate lease and management services.	-	100%
Manarah Bay Real Estate LLC (iii)	United Arab Emirates	Real estate management.	-	100%
Buhyarat Ain Al Fayda Real Estate LLC (iii)	United Arab Emirates	Real Estate Management	-	100%
Q Hospitality L.L.C. (iii)	United Arab Emirates	Real estate management.	-	100%
Al Qudra Industrial LLC (iii)	United Arab Emirates	Consultancy in alternative power and industrial projects.	-	100%
Q Parks Establishment (iii)	United Arab Emirates	Touristic resort management & entertainment investment	-	100%
Kasr Al Bahar	Kingdom of Morocco	Hospitality	100%	100%

\* Subsidiaries consolidated based on de-facto control.

\*\* The Group considered that it controls Capital Protocol - LLC even though it owns less than 50% of the shareholding. This is because the Group has the ability to govern the financial and operating policies of the company by virtue of the company's Article of association which states the Company as sole and exclusive Manager of the Capital Protocol - LLC.

The Group is exposed to variable returns from its involvement in the company and has the potential to influence such returns through its control over the company due to the powers granted to the Company as Manager.

- (i) Subsidiaries of the Group incorporated during the year
- (ii) Subsidiaries acquired during the year
- (iii) Subsidiaries liquidated during the year

## 2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group adopted the following new standards and amendments effective as of 1 January 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Lack of exchangeability - Amendments to IAS 21

These amendments had no significant impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future years if they become applicable.

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION

### **Business combinations and goodwill**

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

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the consolidated statement of profit or loss.

**2.3 MATERIAL ACCOUNTING POLICY INFORMATION** continued

**Business combinations and goodwill** continued

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

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.

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 at the acquisition date that, if known, would have affected the amounts recognised at that date.

*Changes in Group's ownership interest in existing subsidiaries*

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Owner of the Parent.

When the Group loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of profit or loss and 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. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the initial carrying amount for the purposes of subsequent accounting for the retained interest as an investment in an associate or a joint venture or financial asset.

**Acquisition of entities under common control**

Transactions giving rise to a transfer of interest in entities that are under common control are accounted for in accordance with the pooling of interest method of accounting at the date the transfer without restatement of prior periods. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of transferor entity. The components of the equity of the acquired entities are added to the same components within Group entity. Any transaction costs paid for the acquisition are recognised directly in equity.

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

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

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but has no control or joint control over those policies.

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

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

The results and assets and liabilities of the associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

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

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

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

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

When the Group's share of losses in an associate or joint venture equals or exceeds its interests in the associates or joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the associates or joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates or joint ventures.

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

**2.3 MATERIAL ACCOUNTING POLICY INFORMATION** continued

**Revenue recognition**

Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group recognises revenue from the following major sources:

- Properties development
- Catering services
- Hospitality and leisure
- Exhibitions and event services
- Development management fees
- Sale of properties and land plots
- Facility management services
- Rental income from lease of investment property
- Rental income from temporary infrastructure

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

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

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

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

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

*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:

- a) The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date;
- b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and
- c) 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 a point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

**2.3 MATERIAL ACCOUNTING POLICY INFORMATION** continued

**Revenue recognition** continued

*Properties development*

The Group provides construction services to its customers. Such contracts are entered into before rendering of services begins. Under the terms of the contracts, the Group is contractually restricted from redirecting the properties under construction to another customer and has enforceable right to payment for work done. Revenue from construction is therefore recognised over time on a cost-to-cost method based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The management consider that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under 'IFRS 15 Revenue from Contracts with Customers'.

Where the outcome of a construction contract cannot be estimated reliably, revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Contract costs are recognised as expenses in the period in which they are incurred.

When it is possible that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract assets represent unbilled revenue arising from contracts for sale of properties and other services which pertains to the Group's right to consideration in exchange for goods or services that the Group has transferred to the customers. Where payments from customers are received after the associated performance obligations being met and therefore revenue recognised in the profit or loss account, contract assets are recognised. Contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Contract liabilities represent deferred revenue arising from construction contracts and properties under development. These arise if a particular milestone payment exceeds the related revenue recognised to date. These contracts have performance obligation (unsatisfied or partially unsatisfied) which are expected to be recognised as revenue over the remaining tenor of these contracts.

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

The effect of a change in the estimates of contract revenue or contract costs or the outcome of a contract, including that arising from liquidated damages and final contract settlements, is used in the determination of the amount of revenue and costs recognised in profit or loss in the period in which the change is made and in subsequent periods.

*Catering services*

The Group provides catering services to venues, exhibitions, events, visitors and third parties (weddings, conferences, airlines and other businesses) and labour camps. Revenue from providing such services is recognised in the accounting period in which the services are rendered or when the event is held at a point in time.

*Hospitality and leisure revenue*

Hospitality and leisure revenue corresponds to all the revenues received from room rentals, food and beverage sales and other ancillary services.

*i) Room revenue*

Room revenue consists of the rental of rooms and provision of other services, net of discounts and municipality fees where applicable, and are considered one performance obligation as they have the same revenue recognition pattern, which is to recognise revenue over time when the services are rendered.

## Modon Holding PSC and its subsidiaries

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

##### **Revenue recognition** continued

###### *Hospitality and leisure revenue* continued

###### ii) *Food and beverage revenue*

Revenue from sale of food and beverage is recognised when they are sold, net of discounts and municipality fees where applicable. Revenue is recognised at a point in time when they are sold.

###### iii) *Tourism revenue*

Tourism revenue represents (a) accommodation services, (b) organising, conducting, and selling leisure tourism activities, (c) leisure group and package services including selling of travel tickets and (d) inbound and outbound ticketing services. Revenue is recognised at a point in time when the performance obligations are satisfied.

###### iv) *Media revenue*

Media revenue represents income from the provision of media infrastructure, production services, and broadcast management services. Revenue is recognised at a point in time when the performance obligations are satisfied.

###### v) *Protocol services revenue*

Protocol services include revenue earned from managing and implementing protocols and ceremonies, welcoming State guests and relevant logistical support. Revenue is recognised at a point in time when the performance obligations are satisfied.

###### *Exhibitions and events services*

The Group provides catering, licensing and registration, venue services, exhibition and events services. Revenue from providing such services is recognised in the accounting period in which the services are rendered or when the event is held at a point in time.

###### *Development management fees*

The Group manages construction of properties under long term contracts with customers. Development management fee income is recognised over time using input method to recognise revenue on the basis of entity's effort to the satisfaction of a performance obligation. Management considers that input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under IFRS 15. Where the outcome cannot be estimated reliably, revenue is measure based on the consideration from customers to which the Group expects to be entitled in a contract with a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date and excludes amounts collected on behalf of third parties.

###### *Sale of properties and land plots*

Revenue from the sale of properties and land plots are recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the real estate properties and land plots.

###### *Facility management services*

Revenue from facility management services is recognized over time in accordance with IFRS 15, as services are delivered, and performance obligations are satisfied. The company uses an input method, such as labour hours or costs incurred, to measure progress.

Fixed-price contracts are recognized on a straight-line basis over the contract term unless another method better reflects the service delivery. Variable consideration, such as performance incentives, is included only when it is highly probable that there will be no significant reversal.

###### *Rental income from lease of investment property*

Rental income arising from operating leases on investment properties is recognised, net of discount, in accordance with the terms of lease contracts over the lease term on a straight-line basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**2.3 MATERIAL ACCOUNTING POLICY INFORMATION** continued

**Revenue recognition** continued

*Rental income from temporary infrastructure*

Revenue derived from providing temporary structures / seating for short-term event is recognised as per IFRS 16 (“Leases”) over the duration of the event, consistent with the pattern of benefits expected to be derived by the customer in most cases until the end of event.

*Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate (“EIR”) applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset’s net carrying amount.

*Dividend income*

Dividend income from investment is recognised when the shareholder’s right to receive payment has been established.

**Direct costs**

Contract costs comprise direct contract costs, other costs relating to the contracting activity in general which can be allocated to contracts, depreciation on right-of-use assets and amortisation of intangible assets, plus an appropriate portion of overheads and general and administrative expenses of the year. In addition, contract costs include other costs that are specifically chargeable to the customer under the terms of the contract.

Costs that cannot be related to contract activity or cannot be allocated to a contract are excluded from the costs of the construction contracts and are included in other expenses. A loss is recognised in the consolidated statement of profit or loss when the expected contract costs exceed the total anticipated contract revenue.

**Leases**

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

***The Group as lessee***

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term as follows:

Buildings and improvements	2 to 30 years
Office equipment	2 to 25 years
Motor vehicles	2 to 4 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to impairment of non-financial assets section.

**2.3 MATERIAL ACCOUNTING POLICY INFORMATION** continued

**Leases** continued

***The Group as lessee*** continued

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below USD 5,000, when new). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

***Group as a lessor***

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

**2.3 MATERIAL ACCOUNTING POLICY INFORMATION** continued

**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated.

Cost includes expenditures that are directly attributable to the acquisition of the assets including installation costs. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance expenses are charged to the consolidated statement of profit or loss during the reporting period in which they are incurred.

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

Plant	40 years
Buildings	2 to 50 years
Machinery and equipment	3 to 4 years
Vehicles	3 to 5 years
Office and computer equipment	2 to 5 years
Furniture and fixtures	2 to 5 years
Leasehold improvements	lower of lease term or 10 years
Other assets	5 years

Land is not depreciated. In the case of leasehold improvements, it is expected that the underlying lease will continue to be renewed over the useful life and therefore, depreciation is charged over the useful life of the leasehold improvements.

The Group assesses, at each reporting date, whether there is an indication that the carrying value of property, plant and equipment may be impaired. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on the disposal or retirement of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the property, plant and equipment and is recognised in the consolidated statement of profit or loss in the year when the property, plant and equipment is sold or retired.

**Capital work-in-progress**

Capital work-in-progress are recorded at cost. Allocated costs directly attributable to the construction of the asset are capitalised. The capital work-in-progress are transferred to the appropriate asset category and depreciated or amortised in accordance with the Group's policies when construction of the asset is completed, and the asset is commissioned.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

**2.3 MATERIAL ACCOUNTING POLICY INFORMATION** continued

**Intangible assets**

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful lives are reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

*Concession rights*

These include cost incurred to obtain certain concession rights and are amortised on a straight-line basis in the consolidated statement of profit or loss over their estimated useful life of 20 years from the date of construction of the district cooling plant.

*Computer software*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives which is normally a period of 4 years.

*Customer relationship*

Customer relationships represent future economic benefits in the form of future business with a customer beyond the amount secured by any current contractual arrangements. Customer relationships acquired in a business combination that does not arise from a contract may nevertheless be identifiable because the relationships are separable. These mainly represent non-contractual relationships acquired in business combinations and meet the criteria for recognition as intangible assets under IAS 38. Customer relationships with a finite useful life are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 8 years.

*Catering contracts*

Catering contracts have a finite useful life and are carried at cost less accumulated amortisation and impairment and mainly represent long term non-cancellable contracts with customers for the supply of services which were acquired in business combinations. Customer contracts with a finite useful life are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 10 years.

**Investment properties**

Investment properties comprise completed properties and properties under development. Completed properties are properties held to earn rentals and/ or for capital appreciation and properties under development are properties being constructed or developed for future use as investment property. Investment properties under development are transferred to investment properties when they are completed and ready for their intended use.

*Initial recognition and measurement*

Investment properties are measured initially at cost, including transaction costs. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

**2.3 MATERIAL ACCOUNTING POLICY INFORMATION** continued

**Investment properties** continued

*Subsequent measurement*

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the period in which they arise. Fair values are determined based on an annual valuation performed by an external independent valuer.

*Derecognition*

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in consolidated statement of profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

*Transfer*

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

**Investment properties under development**

Investment properties under development that are being constructed or developed for future use as investment properties are measured initially at cost including all direct costs attributable to the design and construction of the properties including related staff direct costs. Subsequent to initial recognition, investment properties under development are measured at fair value. Gains and losses arising from changes in the fair value of investment properties under development are included in the consolidated statement of profit or loss in the period in which they arise. Upon completion of construction or development, such properties are transferred to completed investment properties.

The Group capitalises borrowing costs directly attributable to the acquisition, construction or development of an owned investment property that is a qualifying asset. However, the Group is not required to capitalise borrowing costs in this way if it measures the owned investment property at fair value.

**Contract work-in-progress**

Contract work in progress represents the unbilled portion of the contract revenue recognized during the year valued at cost plus attributable profit. Cost includes materials, labour and other overheads related to the projects.

**Discontinued operations and non-current assets held for sale**

The Group classifies non-current assets and subsidiaries as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and subsidiaries classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

**2.3 MATERIAL ACCOUNTING POLICY INFORMATION** continued

**Discontinued operations and non-current assets held for sale** continued

Property, plant and equipment, right-of-use assets and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit or loss.

**Inventories**

Inventories comprise completed properties held for sale in the ordinary course of business. Inventories are stated at the lower of cost or net realisable value. Cost is calculated using the weighted average cost method and comprises construction / acquisition costs and other charges incurred in bringing inventory to its present location and condition. Net realisable value represents the estimated selling price less all estimated selling and marketing costs to be incurred.

When an inventory is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

The spares and consumables are recognized at cost and measured at the lower of cost or net realizable value. Inventory is reviewed for obsolescence, and periodic counts and reconciliations are conducted to ensure accuracy.

**Development work in progress**

Development work-in-progress consists of property being developed principally for sale and is stated at the lower of cost and net realisable value. Cost comprises all direct costs attributable to the design and construction of the property and, where applicable, the cost of land upon which the property is being developed. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

Land under development work-in-progress granted to the Group without consideration is carried at nominal value.

**Impairment of non-financial assets**

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

**2.3 MATERIAL ACCOUNTING POLICY INFORMATION** continued

**Impairment of non-financial assets** continued

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations cover a period to the end of useful life of the assets.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets' or cash-generating units' recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

**Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**i) Financial assets**

*Initial recognition and measurement*

Financial assets are classified, at initial recognition as financial assets carried at fair value through profit or loss, fair value through other comprehensive income or amortised cost. All financial assets are recognised initially at fair value plus in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. The Group's financial assets comprise trade and other receivables, amounts due from related parties, bank balances and cash, investment carried at amortised cost, investments carried at fair value through other comprehensive income ("FVTOCI") and investments carried at fair value through profit or loss ("FVTPL").

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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset.

**2.3 MATERIAL ACCOUNTING POLICY INFORMATION** continued

**Financial instruments** continued

**i) Financial assets** continued

*Initial recognition and measurement* continued

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

*Subsequent measurement*

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

- a) Financial assets at amortised cost;
- b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- d) Financial assets at fair value through profit or loss.

*Financial assets at amortised cost*

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

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

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 the consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets are classified at amortised cost, which includes investments carried at amortised cost, trade and other receivables, amounts due from related parties and cash and bank balances.

*Financial assets at fair value through OCI (debt instruments)*

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group does not have any debt instruments at fair value through OCI.

**2.3 MATERIAL ACCOUNTING POLICY INFORMATION** continued

**Financial instruments** continued

**i) Financial assets** continued

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

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as income from investments in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group has various equity investments under this category.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of profit or loss.

The Group has classified various investments under this category.

*Derecognition*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

**2.3 MATERIAL ACCOUNTING POLICY INFORMATION** continued

**Financial instruments** continued

**ii) Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to related parties, lease liabilities, loans and borrowings and loan from a related party.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification. The category of financial liabilities most relevant to the Group is loans and borrowings.

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

*Loans and borrowings*

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**Impairment of financial assets**

The Group recognises an allowance for expected credit losses (ECLs) for all assets at amortised cost including 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.

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

#### **Impairment of financial assets** continued

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

For trade and other receivables and amounts due from related parties, 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, considering the nature of the Group's operations. 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.

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and bank balances net of bank overdrafts, margin deposits and term deposits with maturity of more than three months.

#### **Provisions**

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

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.

#### **Contingencies**

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

#### **Taxation**

##### *Current income 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 amounts are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

**2.3 MATERIAL ACCOUNTING POLICY INFORMATION** continued

**Taxation** continued

*Current income tax* continued

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and does not give rise to equal taxable and deductible temporary differences; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

#### **Taxation** continued

##### *Deferred tax* continued

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime has become effective for accounting periods beginning on or after 1 June 2023. The Cabinet of Ministers Decision No. 116 of 2022 (widely accepted to be effective from 16 January 2023) specified the threshold of taxable income to which the 0% UAE CT rate would apply, and above which the 9% UAE CT rate would apply. It is widely considered that this would constitute ‘substantive enactment’ of the UAE CT Law for the purposes of IAS 12, the objective of which is to prescribe the basis for accounting for Income Taxes.

The Group is subject to UAE corporate tax on its taxable profits with effect from its first applicable tax period i.e. 1 January 2024. Accordingly, current tax expense has been recognised in the consolidated financial statements for the periods beginning on 1 January 2024.

In December 2021, the Organisation for Economic Co-operation and Development (“OECD”) introduced the Pillar Two framework under its Base Erosion and Profit Shifting (“BEPS”) 2.0 initiative. This framework establishes a global minimum effective tax rate of 15% for large multinational enterprises (“MNEs”) with annual consolidated group revenues of EUR 750 million or more. To align with these global tax reforms, the United Arab Emirates (“UAE”) enacted Cabinet Decision No. 142 of 2024 introducing the Domestic Minimum Top-Up Tax (“UAE DMTT”), effective for financial years beginning on or after 1 January 2025. The UAE DMTT is intended to ensure that UAE-based entities within the scope of Pillar Two are subject to a minimum effective tax rate of 15% on profits derived in the UAE.

As a multinational group meeting the Pillar Two revenue threshold, the Group falls within the scope of the Pillar Two framework. Accordingly, the Group has recognised the impact of the UAE DMTT from 1 January 2025 based on available guidance.

The Group was subject to UAE DMTT prior to the change in its Ultimate Parent Entity (“UPE”). Following the change in UPE, the Group is continuing to assess the applicability and potential impact of the UAE DMTT and other Pillar Two rules, taking into account evolving interpretations, future legislative developments, and the Group’s structure and operations.

The Group has performed a preliminary assessment of its potential exposure to Pillar Two taxes based on available financial information for its constituent entities. Given that Pillar Two legislation continues to develop across jurisdictions, the Group will reassess its position for financial years commencing 2026 and onwards, and will recognise any resulting impact in the consolidated financial statements as and when it becomes determinable.

There is uncertainty regarding whether the Pillar Two model rules create additional temporary differences, whether deferred taxes should be remeasured for the Pillar Two model rules, and which tax rate should be used to measure deferred taxes. In response to this uncertainty, the IASB and AASB issued amendments to IAS 12 ‘Income Taxes’ on 23 May 2023 and 27 June 2023, respectively. These amendments introduce a mandatory temporary exception to the requirements of IAS 12, under which a company does not recognize or disclose information about deferred tax assets and liabilities related to the OECD/G20 BEPS Pillar Two model rules. The Group applied this temporary exception as of 31 December 2025.

#### **Value added tax (“VAT”)**

Expenses and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

**2.3 MATERIAL ACCOUNTING POLICY INFORMATION** continued

**Employees' end of service benefits**

The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its UAE national employees, the Group makes contributions to the relevant government pension scheme calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

**Government grant**

Government grant income includes fees arising from different contracts with various clients for government funded programs. Income is recognized when the Group satisfies a performance obligation by transferring a service to a customer.

The nature and timing of the satisfaction of performance obligations in contracts related to government funded programs are summarized as follows:

- Government grant is recognized when there is a reasonable assurance that the grant will be received.
- Government grant is recognized when the group will comply with all the attached conditions.
- Government grant is recognized when the group fulfills the performance obligations.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the years that the related costs, for which it is intended to compensate by deducting (netting off) it directly from related expenses. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Government grants that are receivable as compensation for expenses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable. Land granted by the Government is recognised at nominal value where there is reasonable assurance that the land will be received and the Group will comply with any attached conditions, where applicable.

**Foreign currencies**

The Group's consolidated financial statements are presented in AED, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to consolidated statement of profit or loss reflects the amount that arises from using this method.

*Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

**2.3 MATERIAL ACCOUNTING POLICY INFORMATION** continued

**Foreign currencies** continued

*Transactions and balances* continued

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

*Group companies*

On consolidation, the assets and liabilities of foreign operations are translated into AED at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

**Fair value measurement**

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

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

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

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

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

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

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

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

#### **Fair value measurement** continued

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

#### **Current versus non-current classification**

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

### 2.4 STANDARDS ISSUED BUT NOT EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- IFRS 18: Presentation and disclosure in financial statements;
- IFRS 19: Subsidiaries without public accountability: Disclosures;
- Amendments to the Classification and Measurement of Financial Instruments-Amendments to IFRS 9 and IFRS 7;
- Annual Improvements to IFRS Accounting Standards - Volume 11;
- Contracts Referencing Nature-dependent Electricity-Amendments to IFRS 9 and IFRS 7; and
- Amendments to IAS 21: Lack of Exchangeability.

Except for IFRS 18, the Group does not expect that the adoption of these new and amended standards and interpretations will have a material impact on its consolidated financial statements. With respect to IFRS 18, the Group is currently in the process of assessing the possible impact on its consolidated financial statements.

### 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the consolidated statement of financial position date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

#### **Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### *Determining the lease term of contracts with renewal and termination options – Group as a lessee*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases with shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on Group's performance if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

#### *Classification of properties*

In the process of classifying properties, management has made various judgments. Judgment is needed to determine whether a property qualifies as an investment property or property, plant and equipment. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment properties or property, plant and equipment. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in International Accounting Standards IAS 16 *Property, Plant and Equipment* and IAS 40 *Investment Property*, in particular, the intended usage of property as determined by management.

#### *Business combinations*

For acquisitions made by the Group, the Group makes significant judgement to assess whether the assets acquired and liabilities assumed constitutes a business and whether it has acquired control of one or more assets. Where such an acquisition does not constitute a business, the acquisition is accounted for as an asset acquisition. In making this assessment, the Group applies the definition of business under IFRS 3 which requires that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

**3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS** continued

**Judgements** continued

*Business combinations* continued

In cases where the acquisition is determined to be a business then the Group performs certain additional procedures, as mentioned below, to conclude whether the business combination is within the scope of IFRS 3 *Business Combinations* (IFRS 3) or the business combination is under common control which is outside the scope of IFRS 3:

- consider the total shareholding of the Group in the acquiree (investee), owned either directly, indirectly or through beneficial ownership, prior to the acquisition;
- determine whether the Group exerts control or de-facto control over the investee in accordance with IFRS 3.

Further, the Group also performs an assessment of the reliability of acquisition date fair value of the acquiree's equity interests to determine if this value may be more reliably measurable than the acquisition date fair value of the acquirer's equity interests. Judgment is involved to make this assessment which includes performing procedures such as evaluating the volume of shares traded of the acquiree and acquirer prior to the transaction to conclude on the fair value to be applied in the determination of the purchase consideration.

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

*Assessment of control in an investee in which the Group holds less than a majority of voting rights*

For assessing control, the Group has considered power over 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.

The Company considered that it controls Capital Protocol – LLC even though it owns less than 50% of the shareholding. This is because the Company has the ability to govern the financial and operating policies of the company by virtue of the company's Articles of association which states the Company as sole and exclusive Manager of Capital Protocol – LLC.

The Group is exposed to variable returns from its involvement in the company and has the potential to influence such returns through its control over the company due to the powers granted to the Company as Manager.

*Classification of properties under development*

In the process of classifying projects during construction, management applies judgment to determine whether they should be investment properties under development or development work-in-progress. Subsequently management reassesses the intended use of the properties based on which these are classified as investment properties or inventories. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of the respective categories. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2 and IAS 40, in particular, the intended usage of the assets at that time.

**3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS** continued

**Judgements** continued

*Identifying whether an acquisition is a business or an asset*

The Group has assessed whether the acquisition of Oryx Action Restricted Limited (“Oryx”), Sahel 1 Restricted Limited (“Sahel 1”) and Sahel 2 Restricted Limited (“Sahel 2”) constitutes a business or acquisition of assets under IFRS 3. In making the assessment, the Group applied the definition of business under IFRS 3 which requires that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive processes that together significantly contribute to the ability to create outputs. Accordingly, the Group has assessed that the entities acquired do not have substantive process that together significantly contribute to the ability to create outputs, hence classified as acquisition of assets.

*Principal versus agent consideration*

The Group’s performance obligation in one of the subsidiaries is to arrange for the provision of the specified goods or services by another party and the Group does not control the specified goods or services provided by another party before those goods or services are transferred to the customer. When the Group satisfies a performance obligation, the Group recognises revenue in the amount of management fee to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party. The Group’s primary obligation is to arrange for development services for development projects, and accordingly, the Group acts as agent on those development projects since:

- the Group does not control the specified goods or services provided by other parties before the services are transferred to the customer;
- primary responsibility for 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 management contracts;
- the Group does not have price risk on the development contracts;
- customers retain the right to remove the Group as manager for the development projects based on its convenience without default from the Group

*Classification of investments*

Management designates at the time of acquisition of securities whether these should be classified as at fair value through other comprehensive income (“FVTOCI”), fair value through profit or loss (“FVTPL”) or amortised cost. In making a judgement whether investments in securities are as at FVTOCI, FVTPL or amortised cost, management has considered the detailed criteria for determination of such classification as set out in IFRS 9 *Financial Instruments*. Management is satisfied that its investments in securities are appropriately classified.

*Determination of transaction prices*

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

In determining the impact of variable consideration, the Group uses the “most-likely amount” method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

**3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS** continued

**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 period are discussed below.

*Useful lives of property, plant and equipment and intangible assets*

The Group's management determines the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation/amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual values and useful lives annually and the future depreciation/amortisation charge is adjusted where management believes that the useful lives differ from previous estimates. Where management determines that the useful life or residual value of an asset requires amendment, the net book amount in excess of the residual value is depreciated/amortised over the revised remaining useful life.

*Impairment of property, plant and equipment, right-of-use-assets and intangible assets*

The Group determines whether property, plant and equipment, right-of-use-assets and intangible assets are impaired when events or conditions indicate that the carrying amount may not be recoverable. In assessing whether there is any indication that the property, plant and equipment, right-of-use-assets and intangible assets at the end of the reporting period may be impaired, the Group considered the following:

- Changes in the technological, market, economic or legal environment in which the Group operates that had or would have an adverse effect on the Group;
- Physical damage of assets under construction;
- Plans to discontinue or restructure the operation to which the assets under construction belong; and
- Evidence from internal reporting and external factors that indicates a potential decline in budgeted net cash flows flowing from the asset.

Estimation of the recoverable amount of the property, plant and equipment, right-of-use-assets and intangibles assets where indicators of impairment were present, is made on the reporting date. Estimation of the recoverable amount requires a determination of the property, plant and equipment's, right-of-use-assets and intangible assets value in use and their fair value less costs to sell. Calculation of value in use requires the Group to make an estimate of the expected future cash flows from individual cash-generating units and determination of a suitable discount rate to calculate the present value of those cash flows. Fair value less costs to sell is determined by obtaining reports from third parties.

*Valuation of investment properties*

Investment properties are stated at fair value as at the consolidated statement of financial position date. Gains or losses arising from changes in the fair values are included in the consolidated statement of profit or loss in the year in which they arise. The fair values of investment properties are determined by management through engaging through professional valuers, who hold recognised and relevant professional qualifications and having recent experience in the location and category of the investment properties being valued. The valuation techniques adopted comprise the Income Method and Comparable Method.

Investment properties under development are measured at fair value. In the exceptional cases, when a fair value cannot be reliably determined, such properties are recorded at cost. The fair value of investment properties under development is determined using either the Comparable Sales Method and discounted cash flow valuation techniques.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets and discount rates applicable to those assets. In addition, development risks (such as construction and letting risks) are also taken into consideration when determining the fair value of investment properties under development. These estimates are based on local market conditions existing at the consolidated statement of financial position date. In arriving at their estimates of fair values as at 31 December 2025 and 2024, management and external expert have used their market knowledge and professional judgment and have not only relied solely on historic transactional comparables.

Key assumptions used to determine the fair value of the investment properties are disclosed in note 16.

**3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS** continued

**Estimates and assumptions** continued

*Impairment of inventories*

Inventory properties are held at the lower of cost and net realisable value. When inventory properties become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory properties type and the degree of ageing or obsolescence, based on anticipated selling prices.

At the reporting date, gross inventories were AED 27,297,588 thousand (2024: AED 29,586,274 thousand) with no provision for impairment.

*Impairment of goodwill*

The Group's impairment test for goodwill is based on value in use calculations that use a discounted cash flow model.

The cash flows are derived from the budget and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Goodwill is allocated to cash-generating units and is not amortised, but is tested annually for impairment, or more frequently if there is an indication that the value of the goodwill may be impaired. An impairment exists when the carrying value of goodwill is greater than its recoverable amount which is defined as the greater of fair value less costs of sale and the value in use. The value in use calculation is based on a cash flow model. Calculating the value in use requires the Group to make estimates of the discount rate and future cash flows. Any impairment of goodwill is charged to the consolidated statement of profit or loss in the year of impairment.

*Impairment of development work-in-progress*

Development work-in-progress are stated at lower of cost or net realisable value (NRV). NRV represents the estimated selling price less costs to be incurred in selling the property. The calculation of estimated selling prices involves using comparable factors of development and sale of similar plots in nearby locations. The calculation of the estimated selling prices is performed by an internal management expert, using the comparable method of valuation and has therefore considered comparable market transactions to arrive at estimated selling prices. Management has assessed the net realisable value of its development work-in-progress for impairment as at 31 December 2025. Based on the review, management has concluded that there will be no additional impairment provision on its development work-in-progress for the year ended 31 December 2025 and an impairment write off of AED 186,147 thousand was recorded during the year (2024: impairment charge of AED 406,663 thousand).

*Provision for expected credit losses for trade and other receivables and amounts due from related parties*

The Group uses a provision matrix to calculate ECLs for trade and other receivables and amounts due from related parties. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by operating segment, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group then calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group has also performed the specific assessment for some customers based on the risk profile to calculate the ECL using the simplified approach.

**3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS** continued

**Estimates and assumptions** continued

*Provision for expected credit losses for trade and other receivables and amounts due from related parties* continued

At the reporting date, gross trade receivables were AED 3,906,147 thousand (2024: AED 1,925,845 thousand) and the allowance for expected credit losses was AED 770,904 thousand (2024: AED 406,952 thousand). Any difference between the amounts actually collected in future periods and the net carrying amounts is recognised in the consolidated statement of profit or loss.

At the reporting date, amount due from related parties were AED 7,979,076 thousand (2024: AED 9,631,068 thousand) and the allowance for expected credit losses was AED 47,547 thousand (2024: AED 316,289 thousand). Any difference between the amounts actually collected in future periods and the net carrying amounts is recognised in the consolidated statement of profit or loss.

*Leases - estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in its leases, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available.

*Classification of investment in Riviera RSC Limited*

The Group has made an investment representing 51% interest in Riviera RSC Limited being recorded as an investment in joint venture based on the joint control in Riviera RSC Limited. In determining the joint control, the Group has considered that as per the shareholders' agreement, all the significant decisions requiring board and shareholder resolutions must be reached unanimously. Further, in case of a deadlock or failure to agree on a decision unanimously, the status quo with respect to the relevant deadlock matter as existed prior to the consideration by shareholder shall prevail.

**4 BUSINESS COMBINATIONS**

**4.1 ACQUISITIONS UNDER COMMON CONTROL**

During the year, the Group has acquired Theta Bidco Limited under common control. This acquisition is excluded from the scope of International Financial Reporting Standard 3 (IFRS 3) "Business Combinations" as this is a business combination of entities under common control, given that the acquirer and the acquiree are both entities ultimately controlled by the same entity at the time of acquisition. The acquisition has been accounted for in the consolidated financial statements using the pooling of interest method, which reflects the economic substance of the transaction. The Group has elected to consolidate the income, expenses, assets and liabilities of this acquired entity from the date of acquisition.

**Acquisition of Theta BidCo Limited ("Theta")**

Effective 1 May 2025, Modon Arena UK Ltd ("Arena"), a subsidiary of the Group, acquired a 100% equity stake in Theta BidCo Limited ("Theta"), an investment holding company registered in the United Kingdom, for a total consideration of AED 486,606 thousand. At the acquisition date, Theta primarily operated in the construction and rental of temporary infrastructure and the sale of related assets. From the acquisition date to year-end, Theta contributed AED 930,782 thousand in revenue and AED 18,032 thousand in profit to the Group. Had the acquisition occurred on 1 January 2025, Theta would have contributed AED 1,327,968 thousand in revenue and incurred a loss of AED 10,071 thousand for the year.

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 4 BUSINESS COMBINATIONS continued

##### 4.1 ACQUISITIONS UNDER COMMON CONTROL continued

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out below:

	<i>AED '000</i>
<b>ASSETS</b>	
Property, plant and equipment	457,331
Intangible assets and goodwill	397,027
Right-of-use assets	107,381
Inventories	11,090
Trade and other receivables	366,628
Deferred tax assets	20,594
Cash and bank balances	<u>101,950</u>
<b>TOTAL ASSETS</b>	<b><u>1,462,001</u></b>
<b>LIABILITIES</b>	
Trade and other payables	597,061
Provision for employees' end of service benefit	10,135
Income tax payable	10,094
Deferred tax liability	47,331
Loans and borrowings	325,478
Lease liabilities	<u>118,575</u>
<b>Total liabilities</b>	<b><u>1,108,674</u></b>
<b>Total identifiable net assets acquired</b>	<b>353,327</b>
<b>Purchase consideration</b>	<b><u>486,606</u></b>
<b>Merger reserve</b>	<b><u>(133,279)</u></b>
<b>Analysis of cashflow on acquisition:</b>	
	<i>AED '000</i>
Cash paid on acquisition	<b>486,606</b>
Cash acquired on business combination	<b><u>(101,950)</u></b>
Acquisition of operating business – net of cash paid (included in cash flows from investing activities)	<b>384,656</b>
Transaction costs of the acquisition (included in cash flows from operating activities)	<b><u>2,687</u></b>
Net cash paid on acquisition	<b><u>387,343</u></b>

## Modon Holding PSC and its subsidiaries

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 4 BUSINESS COMBINATIONS continued

##### 4.2 ACQUISITIONS UNDER IFRS 3 BUSINESS COMBINATIONS

During prior year, the Group acquired the following entities, which are accounted for using the acquisition method under IFRS 3 *Business Combinations*.

##### (i) Modon Properties PJSC (“Modon Properties”), Abu Dhabi National Exhibitions Company PJSC (“ADNEC”), and Miza Investments LLC (“MIZA”)

Effective 27 February 2024, Modon Holding PSC (formerly “Q Holding PSC”), acquired a 100% equity interest in Modon Properties PJSC (“Modon Properties”), Abu Dhabi National Exhibitions Company (ADNEC) PJSC (“ADNEC”), MIZA Investments LLC (“Miza”) and other real estate assets for a consideration in the form of 9,491,481 thousand new shares of Modon Holding PSC (formerly “Q Holding PSC”) issued as follows:

- 3,162,678 thousand shares issued to IHC Real Estate Holding LLC to acquire 49% holding of Modon Properties and 3,291,766 thousand shares issued to ADQ Real Estate and Hospitality Investments LLC (ADQRE) to acquire remaining 51% holding of Modon Properties having total fair value of AED 18,653,344 thousand.
- remaining 3,037,037 thousand shares issued to ADQRE to acquire 100% ownership interest in ADNEC and other subsidiaries, which includes AED 1,083,851 thousand allocated to acquisition of other real estate assets being the fair value of the net assets at transaction date based on the fair value of AED 8,777,037 thousand.

##### **Modon Properties PJSC (“Modon Properties”)**

Modon Properties PJSC is a public joint stock company incorporated in Abu Dhabi, United Arab Emirates in 2001 and is engaged in real estate development and the sale and investment in real estate in the UAE. From the date of its acquisition, Modon Properties contributed revenue and profit to the Group amounting to AED 775,947 thousand and AED 294,819 thousand respectively. If the acquisition had taken place at the beginning of the year, Modon Properties would have contributed revenue and profit to the Group amounting to AED 850,386 thousand and AED 337,147 thousand respectively.

##### **Abu Dhabi National Exhibitions Company PJSC (“ADNEC”)**

ADNEC is a public joint stock company incorporated in Abu Dhabi, United Arab Emirates on 3 August 2005 and is engaged in operating venues for international and local exhibitions events in the UAE and London including provision of catering at exhibitions and third parties. It has ownership in hotels, and is engaged in tourism business, media, protocol, production and rigging, and consultancy services. From the date of its acquisition, ADNEC contributed revenue and profit to the Group amounting to AED 3,267,417 thousand and AED 413,568 thousand respectively. If the acquisition had taken place at the beginning of the year, ADNEC would have contributed revenue and profit to the Group amounting to AED 3,951,744 thousand and AED 502,408 thousand respectively.

##### **MIZA Investments LLC (“MIZA”)**

MIZA Investments LLC was incorporated in Abu Dhabi, United Arab Emirates on 30 December 2019 and is currently engaged in development activities within the Mina Zayed region of Abu Dhabi. The Government has mandated MIZA to develop the Mina Zayed area while maintaining low commercial rates. From the date of acquisition, MIZA has contributed revenue and profit to the Group amounting AED 14,463 thousand and AED Nil respectively until 31 December 2024. If the acquisition had taken place at the beginning of the year, MIZA would have contributed revenue and profit to the Group amounting to AED 14,533 thousand and AED Nil respectively.

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 4 BUSINESS COMBINATIONS continued

##### 4.2 ACQUISITIONS UNDER IFRS 3 BUSINESS COMBINATIONS continued

###### (ii) BDCG Holdings Limited (“BDCG”)

Effective 29 October 2024, ADNEC, a subsidiary, acquired 100% equity interest in BDCG, a non-listed company based in United Kingdom and operates the Business Design Centre in the Central London. From the date of its acquisition, BDCG contributed revenue and profit to the Group amounting to AED 17,300 thousand and AED 5,900 thousand respectively. If the acquisition had taken place at the beginning of the year, BDCG would have contributed revenue and profit to the Group amounting to AED 781,200 thousand and AED 56,500 thousand respectively.

###### (iii) Royal Catering Services LLC – S.P.C (“Royal Catering”)

Effective 20 December 2024, ADNEC, a subsidiary, acquired 100% equity interest in Royal Catering, a limited liability company incorporated in Abu Dhabi, United Arab Emirates. The company is engaged in catering services and complementary services such as accommodation rental solutions. If the acquisition had taken place at the beginning of the period, Royal Catering would have contributed revenue and profit to the Group amounting to AED 295,800 thousand and AED 9,300 thousand respectively.

###### (iv) LA ZAGAleta SLU (“Zagaleta”)

Effective 19 December 2024, Modon Properties, a subsidiary, acquired 100% equity interest in Zagaleta, an exclusive residential and leisure estate located in the hills of Benahavis, near Marbella, in southern Spain. If the acquisition had taken place at the beginning of the year, Zagaleta would have contributed revenue and profit to the Group amounting to AED 73,700 thousand and AED 33,400 thousand respectively.

During the year, the purchase price allocations (PPA) for the acquisitions of Royal Catering and Zagaleta were completed which resulted in the following adjustments to the provisional amounts reported in the 2024 consolidated financial statements:

#### Royal Catering

<i>Consolidated statement of financial position line item</i>	<i>Amount as previously reported as of 31 December 2024 AED ‘000</i>	<i>Increase / (decrease) in fair value AED ‘000</i>	<i>Adjusted amount as of 31 December 2025 AED ‘000</i>
Property and equipment	154,582	(1,771)	<b>152,811</b>
Right of use asset	7,348	9,896	<b>17,244</b>
Intangible assets	364	6,404	<b>6,768</b>
Inventories	7,772	-	<b>7,772</b>
Trade and other receivables	100,969	(5,119)	<b>95,850</b>
Cash and bank balances	9,543	-	<b>9,543</b>
Lease liabilities	(6,014)	(9,610)	<b>(15,624)</b>
Employees’ end of service benefits	(9,200)	-	<b>(9,200)</b>
Interest-bearing loans and borrowings	(103,236)	-	<b>(103,236)</b>
Deferred tax liability	-	(1,117)	<b>(1,117)</b>
Trade and other payables	<u>(108,272)</u>	<u>(883)</u>	<b><u>(109,155)</u></b>
Net assets	<u>53,856</u>	<u>(2,200)</u>	<b><u>51,656</u></b>
Purchase consideration	53,856	700*	<b>54,556</b>

\*This is deferred consideration paid in 2025. The additional purchase consideration along with the changes in fair value of net assets has resulted in recognition of goodwill amounting to AED 2,200 thousand.

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 4 BUSINESS COMBINATIONS continued

#### 4.2 ACQUISITIONS UNDER IFRS 3 BUSINESS COMBINATIONS continued

#### (iv) LA ZAGAleta SLU (“Zagaleta”) continued

##### Zagaleta

<i>Consolidated statement of financial position line item</i>	<i>Amount as previously reported as of 31 December 2024 AED ‘000</i>	<i>Increase / (decrease) in fair value AED ‘000</i>	<i>Adjusted amount as of 31 December 2025 AED ‘000</i>
Property and equipment	79,879	(75,212)	4,667
Investment properties	-	21,787	21,787
Inventories	330,243	100,181	430,424
Trade and other receivables	15,117	(2,951)	12,166
Deferred tax assets	674	3,006	3,680
Cash and bank balances	7,703	1,692	9,395
Interest-bearing loans and borrowings	(49,211)	27,982	(21,229)
Deferred tax liability	-	(48,802)	(48,802)
Trade and other payables	<u>(28,001)</u>	<u>2,493</u>	<u>(25,508)</u>
Net assets	<u>356,404</u>	<u>30,176</u>	<u>386,580</u>
Purchase consideration	356,404	30,176**	386,580

*\*\*This is the additional consideration paid by Modon against borrowings under Zagaleta which was not part of provisional PPA.*

The above adjustments are not material to the prior year’s consolidated financial statements and accordingly were posted in the current year’s consolidated statement of financial position.

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 4 BUSINESS COMBINATIONS continued

##### 4.2 ACQUISITIONS UNDER IFRS 3 BUSINESS COMBINATIONS continued

The fair values of the identifiable assets and liabilities of the acquired entities as at the date of acquisition were as follows:

##### Assets acquired and liabilities assumed

	<i>Modon Properties PJSC AED '000</i>	<i>Abu Dhabi National Exhibitions Company PJSC AED '000</i>	<i>MIZA Investments LLC AED '000</i>	<i>BDCG Holdings Limited* AED '000</i>	<i>Royal Catering Services Company L.L.C. – S.P.C. * AED '000</i>	<i>LA ZAGALETA SLU* AED '000</i>	<i>Total AED '000</i>
<b>Assets</b>							
Property and equipment	14,397	5,450,922	204,429	496,568	154,582	79,879	6,400,777
Investment properties	22,701,744	1,973,272	-	-	-	-	24,675,016
Right-of-use assets	3,326	208,766	-	-	7,348	-	219,440
Inventories	3,813,645	626,687	-	-	7,772	330,243	4,778,347
Amounts due from related parties	2,359,658	-	-	-	-	-	2,359,658
Investments in associates and joint ventures	-	848,737	-	-	-	-	848,737
Intangible assets	4,573	359,759	-	-	364	-	364,696
Trade and other receivables	518,685	1,413,046	420	15,866	100,969	15,117	2,064,103
Deferred tax assets	-	326,144	-	19	-	674	326,837
Cash and bank balances	852,000	1,407,356	437,124	67,744	9,543	7,703	2,781,470
<b>Total assets</b>	<b>30,268,028</b>	<b>12,614,689</b>	<b>641,973</b>	<b>580,197</b>	<b>280,578</b>	<b>433,616</b>	<b>44,819,081</b>
<b>Liabilities</b>							
Employees' end of service benefit	6,353	73,630	126	-	9,200	-	89,309
Loans and borrowings	33,814	878,555	-	17,989	103,236	49,211	1,082,805
Amounts due to related parties	35,573	-	1,045	-	-	-	36,618
Trade and other payables	3,423,162	1,879,093	2,307	67,425	108,272	28,001	5,508,260
Lease liabilities	3,244	269,374	-	-	6,014	-	278,632
Deferred tax liabilities	-	671,770	-	122,385	-	-	794,155
Government grants	-	-	638,495	-	-	-	638,495
<b>Total liabilities</b>	<b>3,502,146</b>	<b>3,772,422</b>	<b>641,973</b>	<b>207,799</b>	<b>226,722</b>	<b>77,212</b>	<b>8,428,274</b>
<b>Net assets</b>	<b>26,765,882</b>	<b>8,842,267</b>	<b>-</b>	<b>372,398</b>	<b>53,856</b>	<b>356,404</b>	<b>36,390,807</b>
Less: Non-controlling interests	-	(69,376)	-	-	-	-	(69,376)
<b>Total identifiable net assets at fair value</b>	<b>26,765,882</b>	<b>8,772,891</b>	<b>-</b>	<b>372,398</b>	<b>53,856</b>	<b>356,404</b>	<b>36,321,431</b>
<b>Purchase consideration</b>	<b>18,653,344</b>	<b>7,693,186</b>	<b>-</b>	<b>474,393</b>	<b>53,856</b>	<b>356,404</b>	<b>27,231,183</b>
<b>Gain on bargain purchase</b>	<b>(8,112,538)</b>	<b>(1,079,705)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,192,243)</b>
<b>Goodwill</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101,995</b>	<b>-</b>	<b>-</b>	<b>101,995</b>

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 4 BUSINESS COMBINATIONS continued

##### 4.2 ACQUISITIONS UNDER IFRS 3 BUSINESS COMBINATIONS continued

###### Assets acquired and liabilities assumed continued

\* The net assets recognised are based on a provisional assessment of their fair values as at the acquisition date. The Group will finalise the purchase price allocation exercise of the acquisitions before the end of 2025.

Intangible assets of AED 364,696 thousand have been recognised as a result of aforementioned acquisition, which comprise of customer relationships, catering contracts, concession agreements and software.

Goodwill of AED 101,995 thousand arising from the acquisitions comprises largely the value of expected synergies arising from the acquisitions, which are not separately recognised.

The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13 "Fair Value Measurement" refers to as level 3 inputs. The fair value estimate is based on:

- Assumed discount rates ranging from 8.5%-13.4%; and
- Terminal value, calculated based on long-term sustainable growth rates for the industry ranging from 1.7% - 2% which has been used to determine income for the future years.

###### Analysis of cashflow on acquisition:

	<i>Modon Properties PJSC AED '000</i>	<i>Abu Dhabi National Exhibitions Company PJSC AED '000</i>	<i>MIZA Investments LLC AED '000</i>	<i>BDCG Holdings Limited AED '000</i>	<i>Royal Catering Services Company L.L.C. – S.P.C. AED '000</i>	<i>LA ZAGALETA SLU AED '000</i>	<i>Total AED '000</i>
Cash paid on acquisition	-	-	-	462,872	53,856	295,983	812,711
Cash acquired on business combination	852,000	1,407,356	437,124	67,744	9,543	7,703	2,781,470
Acquisition of operating business – net of cash paid (acquired) (included in cash flows from investing activities)	(852,000)	(1,407,356)	(437,124)	395,128	44,313	288,280	(1,968,759)
Transaction costs of the acquisition (included in cash flows from operating activities)	<u>4,300</u>	<u>-</u>	<u>-</u>	<u>9,200</u>	<u>2,100</u>	<u>5,200</u>	<u>20,800</u>
Net cash (acquired) paid on acquisition	<u>(847,700)</u>	<u>(1,407,356)</u>	<u>(437,124)</u>	<u>404,328</u>	<u>46,413</u>	<u>293,480</u>	<u>(1,947,959)</u>

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 4 BUSINESS COMBINATIONS continued

##### 4.3 ACQUISITIONS OF ASSETS

During prior year, the Group acquired the following entities, which were accounted for as asset acquisitions, since substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset. The details of the assets acquired are as follows:

	<i>Oryx Action Restricted Limited AED '000</i>	<i>Sahel 1 Restricted Limited and Sahel 2 Restricted Limited AED '000</i>	<i>Total AED '000</i>
Inventories	592,067	564,784	1,156,851
Trade and other payables	<u>(73,000)</u>	<u>-</u>	<u>(73,000)</u>
<b>Total identifiable net assets at fair value</b>	<b>519,067</b>	<b>564,784</b>	<b>1,083,851</b>
<b>Less: Purchase consideration</b>	<b><u>519,067</u></b>	<b><u>564,784</u></b>	<b><u>1,083,851</u></b>
Net of consideration	<u>=====</u>	<u>=====</u>	<u>=====</u>

#### 5 REVENUES

	<i>2025 AED '000</i>	<i>2024 AED '000</i>
<b>Revenues</b>		
Properties development	4,608,028	1,758,537
Sale of properties and land	2,512,837	469,851
Exhibitions and events	1,651,382	938,716
Catering services	1,481,886	899,227
Hospitality and leisure	1,347,195	941,805
Development management fees	308,503	667,036
Others	<u>92,693</u>	<u>58,148</u>
	<b><u>12,002,524</u></b>	<b><u>5,733,320</u></b>
<b>Rental income</b>		
Rental income from investment properties	956,949	777,862
Rental income from temporary infrastructure	<u>869,396</u>	<u>-</u>
	<b><u>1,826,345</u></b>	<b><u>777,862</u></b>
	<b><u>13,828,869</u></b>	<b><u>6,511,182</u></b>
<b>Timing of revenue recognition</b>		
Revenue transferred at a point in time	6,428,472	1,448,339
Revenue transferred over time	<u>5,574,052</u>	<u>4,284,981</u>
	<b><u>12,002,524</u></b>	<b><u>5,733,320</u></b>
<b>Geographical markets</b>		
Within UAE	11,466,934	5,554,562
Outside UAE	<u>2,361,935</u>	<u>956,620</u>
	<b><u>13,828,869</u></b>	<b><u>6,511,182</u></b>

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 6 DIRECT COSTS

	2025 <i>AED '000</i>	2024 <i>AED '000</i>
Properties development*	3,320,466	1,287,607
Staff cost	1,385,058	906,942
Cost of properties and land	818,033	157,866
Hospitality and leisure costs	734,404	478,500
Catering services	610,647	312,359
Temporary infrastructure cost	519,395	-
Depreciation on property, plant and equipment (note 14)	388,729	170,627
Exhibitions and events costs	381,363	484,663
Rent, utilities and communication	192,456	137,798
Repairs, security and maintenance cost	70,165	55,635
Leasing cost	62,151	44,328
Amortisation of intangible assets (note 15)	61,923	45,139
Facility management cost	54,611	27,726
Depreciation on right-of-use assets (note 28)	32,495	16,424
Others	<u>171,714</u>	<u>69,061</u>
	<b><u>8,803,610</u></b>	<b><u>4,194,675</u></b>

\* Properties development includes finance costs of AED 35,446 thousand (2024: AED 9,627 thousand).

#### 7 GENERAL AND ADMINISTRATIVE EXPENSES

	2025 <i>AED '000</i>	2024 <i>AED '000</i>
Staff costs	592,359	251,071
Professional and legal expenses	257,873	157,076
Allowance for expected credit losses on trade and other receivables, net	117,963	176,852
Rent, utilities and communication	114,391	86,715
Office expenses	110,237	76,795
Depreciation on property, plant and equipment (note 14)	79,535	22,580
Repair and maintenance	40,188	17,465
Depreciation on right-of-use assets (note 28)	33,079	8,872
Amortisation of intangible assets (note 15)	14,722	1,480
Allowance for expected credit losses on amounts due from related parties (note 30)	-	15,620
Other expenses	<u>187,129</u>	<u>101,644</u>
	<b><u>1,547,476</u></b>	<b><u>916,170</u></b>

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 8 INVESTMENT AND OTHER INCOME

	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
Dividend income (note 18)	128,677	135,348
Unwinding of long term discounting	81,336	6,234
Insurance claim	54,093	21,002
Gain on disposal of investment properties	13,001	-
Gain on disposal of property and equipment	3,795	-
Liabilities written back (i)	-	31,045
Others	<u>57,358</u>	<u>46,083</u>
	<u><b>338,260</b></u>	<u><b>239,712</b></u>

- (i) This pertains mostly to the reversal of accrual related to a construction project and other advances related to villa refurbishment project at a UAE hotel.

#### 9 FINANCE INCOME

	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
Interest income on bank balances	127,604	39,558
Interest income on term deposits	102,673	83,359
Interest income on receivable from a related party (note 30)	32,172	-
Interest income on investments carried at amortised cost	<u>474</u>	<u>3,859</u>
	<u><b>262,923</b></u>	<u><b>126,776</b></u>

#### 10 FINANCE COSTS

	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
Interest on loans and borrowings	229,017	158,156
Interest on loan from a related party (note 30)	117,297	104,005
Interest expense on lease liabilities (note 28)	30,916	14,735
Others	<u>13,159</u>	<u>6,547</u>
	<u><b>390,389</b></u>	<u><b>283,443</b></u>

# Modon Holding PSC and its subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

### 11 INCOME TAX

The major components of income taxation disclosed in the consolidated financial statements are:

	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
<b>Consolidated statement of profit or loss</b>		
<i>Current income tax:</i>		
Current income tax charge	96,344	128,311
Domestic Minimum Top-up Tax (“DMTT”)	350,356	-
<i>Deferred tax:</i>		
Relating to origination and reversal of temporary differences	<u>48,790</u>	<u>(29,496)</u>
Income tax expense reported in the consolidated statement of profit or loss	<u>495,490</u>	<u>98,815</u>
<b>Consolidated statement of other comprehensive income</b>		
	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
<i>Deferred tax related to items recognised in other comprehensive income that will not be reclassified subsequently to profit or loss:</i>		
Fair value changes on investments in financial assets	<u>-</u>	<u>408</u>
Deferred income tax charged to other comprehensive income	<u>-</u>	<u>408</u>
Reconciliation of tax expense and the accounting profit for 2025 and 2024:		
	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
Accounting profit before tax	4,421,013	9,462,348
Income not subject to tax	<u>(222,786)</u>	<u>(8,245,884)</u>
Accounting profit subject to tax	<u>4,198,227</u>	<u>1,216,464</u>
At effective tax rate ranging from 9% to 23.5% (2024: 9% to 23.5%)	377,840	109,482
Adjusted for:		
Effect of standard exemption	(203)	(133)
Non-deductible expenses	2,297	-
Exempt Income	(57,035)	153,667
Adjustment related to provision and DMTT	177,024	-
Non-UAE Jurisdiction taxes	58,227	-
Adjustments related to previous year	(69,483)	(14,681)
Others	<u>6,823</u>	<u>(149,520)</u>
Income tax expense reported in the consolidated statement of profit or loss	<u>495,490</u>	<u>98,815</u>

# Modon Holding PSC and its subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

### 11 INCOME TAX continued

Movement in net deferred tax liabilities is as follows:

	2025 AED '000	2024 AED '000
At 1 January	515,360	79,504
Acquired in business combination	26,737	467,318
Adjustment of purchase price allocation relating to prior year business combination	46,913	-
Foreign currency translation adjustment	23,867	(1,558)
Tax expense (income) recognised in profit or loss during the year	48,790	(29,496)
Tax expense recognised in OCI during the year	<u>-</u>	<u>(408)</u>
At 31 December	<u>661,667</u>	<u>515,360</u>

Deferred tax liabilities / assets are presented in the consolidated statement of financial position as follows:

Movement in deferred tax assets is as follows:

	2025 AED '000	2024 AED '000
<b>Deferred tax assets:</b>		
At 1 January	381,888	-
Acquired in business combination (note 4.1)	20,594	326,837
Adjustment of purchase price allocation relating to prior year business combination	3,006	-
Tax losses	63,857	54,643
Other comprehensive income	<u>-</u>	<u>408</u>
At 31 December	<u>469,345</u>	<u>381,888</u>

Movement in deferred tax liabilities is as follows:

	2025 AED '000	2024 AED '000
<b>Deferred tax liabilities:</b>		
At 1 January	897,248	79,504
Acquired in business combination (note 4.1)	47,331	794,155
Adjustment of purchase price allocation relating to prior year business combination	49,919	-
Tax losses	112,647	25,147
Forex	<u>23,867</u>	<u>(1,558)</u>
At 31 December	<u>1,131,012</u>	<u>897,248</u>

Movement in income tax payable is as follows:

	2025 AED '000	2024 AED '000
At 1 January	132,227	-
Acquired in business combination	10,094	4,238
Charge for the year	516,183	128,311
Paid during the year	(122,511)	(322)
Forex	1,579	-
Adjustment related to prior year	<u>(69,483)</u>	<u>-</u>
At 31 December	<u>468,089</u>	<u>132,227</u>

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 12 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
Discontinued operations (note 12.1)	<u>-</u>	<u>512,956</u>
Liabilities directly associated with discontinued operations	<u>-</u>	<u>408</u>

#### 12.1 Discontinued operations

##### *Paragon Malls LLC ("Paragon")*

On 31 October 2020, the Group signed a sale and purchase agreement to sell the subsidiary, Paragon Mall LLC. During 2021, a loan amounting to AED 242,422 thousand was settled, in order to meet one of the conditions precedent set in the sale and purchase agreement.

The sale and purchase agreement was finalised during 2024 and executed in 2025 resulting in derecognition of subsidiary and no gain or loss was recognised on disposal.

#### 13 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted earnings per share calculations:

	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
<i>Profit attributable to Owners of the Parent:</i>		
Continuing operations	<b>4,019,920</b>	9,397,272
Discontinued operations	<u>182</u>	<u>25,919</u>
	<b><u>4,020,102</u></b>	<b><u>9,423,191</u></b>
Weighted average number of ordinary shares issued (shares in '000)	<b><u>16,347,080</u></b>	<b><u>14,864,849</u></b>
Earnings per share	<u>0.25</u>	<u>0.63</u>
Earnings per share for continuing operations	<u>0.25</u>	<u>0.63</u>

There are no dilutive instruments issued by the Company, accordingly diluted earnings per share are the same as basic earnings per share.

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 14 PROPERTY, PLANT AND EQUIPMENT

	<i>Land and buildings AED '000</i>	<i>Plant, machinery and equipment AED '000</i>	<i>Motor vehicles AED '000</i>	<i>Office and computer equipment AED '000</i>	<i>Furniture and fixtures AED '000</i>	<i>Leasehold improvements AED '000</i>	<i>Other assets AED '000</i>	<i>Capital work-in- progress AED '000</i>	<i>Total AED '000</i>
<b>Cost:</b>									
At 1 January 2024	165,593	43,496	4,107	95,412	87,719	9,365	23,763	1,035,367	1,464,822
Additions	197,304	1,790	6,284	6,233	177,486	3,407	305	720,074	1,112,883
Acquired through business combinations (note 4.2)	10,159,609	744	94,863	7,321	1,337,593	18,577	-	1,425,871	13,044,578
Transfers to investment properties (note 16)	(23,820)	-	-	-	-	-	-	-	(23,820)
Transfers from CWIP	413,944	-	(3)	(15,919)	298,808	36,697	14,436	(747,963)	-
Disposals	-	-	(241)	(145)	(5,346)	-	(388)	-	(6,120)
Write off	-	-	(10,470)	-	(15,497)	-	-	-	(25,967)
Exchange differences	94,482	-	719	1	3,507	58	(15)	11,203	109,955
At 31 December 2024	<u>11,007,112</u>	<u>46,030</u>	<u>95,259</u>	<u>92,903</u>	<u>1,884,270</u>	<u>68,104</u>	<u>38,101</u>	<u>2,444,552</u>	<u>15,676,331</u>
At 1 January 2025	11,007,112	46,030	95,259	92,903	1,884,270	68,104	38,101	2,444,552	15,676,331
Additions	56,184	73,874	8,603	7,799	116,805	6,207	24,105	778,920	1,072,497
Adjustment on finalisation of the purchase price allocation relating to prior year business combinations	(33,353)	-	(43)	(35,813)	959	-	-	(104)	(68,354)
Acquired through business combinations (note 4.1)	-	779,148	4,066	-	22,700	26,578	-	-	832,492
Transfers to intangible assets (note 15)	-	-	-	-	(19,589)	-	-	-	(19,589)
Transfers to investment properties (note 16)	(3,485)	-	-	-	-	-	-	(1,104)	(4,589)
Transfers	1,181,138	(105)	15,528	41,518	106,923	(2)	(1,618)	(1,343,382)	-
Disposals	(370)	(12,680)	(2,515)	-	(13,774)	(179)	-	-	(29,518)
Write off	(11)	(5,807)	(46)	-	(497,316)	-	-	(344,698)	(847,878)
Exchange differences	231,177	2,757	(909)	416	47,412	60	4,488	63,006	348,407
At 31 December 2025	<u>12,438,392</u>	<u>883,217</u>	<u>119,943</u>	<u>106,823</u>	<u>1,648,390</u>	<u>100,768</u>	<u>65,076</u>	<u>1,597,190</u>	<u>16,959,799</u>

Modon Holding PSC and its subsidiaries

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31 December 2025

14 PROPERTY, PLANT AND EQUIPMENT continued

	<i>Land and buildings AED '000</i>	<i>Plant, machinery and equipment AED '000</i>	<i>Motor vehicles AED '000</i>	<i>Office and computer equipment AED '000</i>	<i>Furniture and fixtures AED '000</i>	<i>Leasehold improvements AED '000</i>	<i>Other assets AED '000</i>	<i>Capital work-in- progress AED '000</i>	<i>Total AED '000</i>
<b>Accumulated depreciation:</b>									
At 1 January 2024	91,422	8,607	3,412	93,054	77,824	6,632	21,318	-	302,269
Depreciation charge for the year	98,057	1,965	8,852	3,224	75,629	5,091	389	-	193,207
Acquired through business combinations (note 4.2)	5,138,497	701	42,845	4,326	1,105,253	7,481	-	344,698	6,643,801
Transfers to investment properties (note 16)	(15,139)	-	-	-	-	-	-	-	(15,139)
Disposals during the year	-	-	(241)	(62)	(3,577)	-	(388)	-	(4,268)
Transfers	-	-	(3)	(11,662)	281	-	10,186	1,198	-
Exchange differences	50,481	-	7	-	-	(247)	17	-	50,258
At 31 December 2024	<u>5,363,318</u>	<u>11,273</u>	<u>54,872</u>	<u>88,880</u>	<u>1,255,410</u>	<u>18,957</u>	<u>31,522</u>	<u>345,896</u>	<u>7,170,128</u>
At 1 January 2025	5,363,318	11,273	54,872	88,880	1,255,410	18,957	31,522	345,896	7,170,128
Depreciation charge for the year	253,138	42,665	13,185	6,197	133,328	11,970	7,781	-	468,264
Acquired through business combinations (note 4.1)	-	344,789	1,899	-	16,317	12,156	-	-	375,161
Transfers to intangible assets (note 15)	-	-	-	-	(12,157)	-	-	-	(12,157)
Disposals	(370)	(8,199)	(2,415)	-	(13,425)	(163)	-	-	(24,572)
Adjustment on finalisation of the purchase price allocation relating to prior year business combinations	(19,064)	-	(93)	15,698	12,088	-	-	-	8,629
Write off	(4)	(5,807)	(46)	-	(489,003)	-	-	(344,698)	(839,558)
Transfers	11,838	-	13,932	(13,328)	(12,442)	-	-	-	-
Exchange differences	64,325	5,835	(1,226)	2,273	15,286	767	1,235	-	88,495
At 31 December 2025	<u>5,673,181</u>	<u>390,556</u>	<u>80,108</u>	<u>99,720</u>	<u>905,402</u>	<u>43,687</u>	<u>40,538</u>	<u>1,198</u>	<u>7,234,390</u>

Modon Holding PSC and its subsidiaries

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14 PROPERTY, PLANT AND EQUIPMENT continued

	<i>Land and buildings AED '000</i>	<i>Plant, machinery and equipment AED '000</i>	<i>Motor vehicles AED '000</i>	<i>Office and computer equipment AED '000</i>	<i>Furniture and fixtures AED '000</i>	<i>Leasehold improvements AED '000</i>	<i>Other assets AED '000</i>	<i>Capital work-in- progress AED '000</i>	<i>Total AED '000</i>
<b>Impairment allowance:</b>									
Balance at 31 December 2023 and 1 January 2024	5,413	1,593	-	-	1,738	-	-	364,346	373,090
Charge for the year	<u>51,383</u>	<u>1,052</u>	<u>-</u>	<u>196</u>	<u>739</u>	<u>1,077</u>	<u>-</u>	<u>485,475</u>	<u>539,922</u>
Balance at 31 December 2024	<u>56,796</u>	<u>2,645</u>	<u>-</u>	<u>196</u>	<u>2,477</u>	<u>1,077</u>	<u>-</u>	<u>849,821</u>	<u>913,012</u>
Balance at 31 December 2024 and 1 January 2025	56,796	2,645	-	196	2,477	1,077	-	849,821	913,012
Charge for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2025	<u>56,796</u>	<u>2,645</u>	<u>-</u>	<u>196</u>	<u>2,477</u>	<u>1,077</u>	<u>-</u>	<u>849,821</u>	<u>913,012</u>
<b>Net book value:</b>									
Balance at 31 December 2024	<u>5,586,998</u>	<u>32,112</u>	<u>40,387</u>	<u>3,827</u>	<u>626,383</u>	<u>48,070</u>	<u>6,579</u>	<u>1,248,835</u>	<u>7,593,191</u>
<b>Balance at 31 December 2025</b>	<b><u>6,708,415</u></b>	<b><u>490,016</u></b>	<b><u>39,835</u></b>	<b><u>6,907</u></b>	<b><u>740,511</u></b>	<b><u>56,004</u></b>	<b><u>24,538</u></b>	<b><u>746,171</u></b>	<b><u>8,812,397</u></b>

## Modon Holding PSC and its subsidiaries

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 14 PROPERTY, PLANT AND EQUIPMENT continued

During the year, the Group recorded an impairment under Capital work-in-progress of AED Nil (2024: AED 485,475 thousand) on construction of Kasr Al Bahr hotel in Morocco. The value was determined based on internal assessment with discount rate of 10.5% and a terminal growth rate of 3%. The Group has also recorded an impairment of AED Nil (2024: AED 51,383 thousand) under land and buildings associated with the Edition Hotel in Reykjavik. The value was determined based on internal assessment with discount rate of 10.5% and a terminal growth rate of 3%.

Depreciation charge for the year has been allocated in the consolidated statement of profit or loss as follows:

	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
Direct costs (note 6)	<b>388,729</b>	170,627
General and administrative expenses (note 7)	<u><b>79,535</b></u>	<u>22,580</u>
	<u><b>468,264</b></u>	<u>193,207</u>

Modon Holding PSC and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

15 INTANGIBLE ASSETS AND GOODWILL

	<i>Concession rights AED '000</i>	<i>Software and others AED '000</i>	<i>Customer relationship AED '000</i>	<i>Catering contracts AED '000</i>	<i>Cooling concession AED '000</i>	<i>Goodwill AED '000</i>	<i>Total AED '000</i>
Cost:							
1 January 2024	122,424	232	-	-	-	78,141	200,797
Additions	-	5,584	-	-	-	-	5,584
Acquired through business combinations (note 4.2)	-	33,257	66,617	248,521	44,877	101,995	495,267
Exchange differences	-	(363)	-	-	-	(4,727)	(5,090)
At 31 December 2024	<u>122,424</u>	<u>38,710</u>	<u>66,617</u>	<u>248,521</u>	<u>44,877</u>	<u>175,409</u>	<u>696,558</u>
1 January 2025	122,424	38,710	66,617	248,521	44,877	175,409	696,558
Additions	-	25,513	-	-	-	-	25,513
Acquired through business combinations (note 4.1)	-	101,547	37,199	-	-	276,285	415,031
Transfer from property, plant and equipment (note 14)	-	19,589	-	-	-	-	19,589
Exchange differences	-	927	275	-	-	54,821	56,023
Adjustment on finalization of the purchase price allocation related to prior year business combinations	-	6,919	-	-	-	2,202	9,121
Disposals	-	(57)	-	-	-	-	(57)
At 31 December 2025	<u>122,424</u>	<u>193,148</u>	<u>104,091</u>	<u>248,521</u>	<u>44,877</u>	<u>508,717</u>	<u>1,221,778</u>

Modon Holding PSC and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

15 INTANGIBLE ASSETS AND GOODWILL continued

	<i>Concession rights AED '000</i>	<i>Software and others AED '000</i>	<i>Customer relationship AED '000</i>	<i>Catering contracts AED '000</i>	<i>Cooling concession AED '000</i>	<i>Goodwill AED '000</i>	<i>Total AED '000</i>
Accumulated amortization and impairment:							
1 January 2024	5,837	28	-	-	-	-	5,865
Acquired through business combinations (note 4.2)	-	26,862	1,714	-	-	-	28,576
Amortisation for the year	3,505	3,739	12,672	24,811	1,892	-	46,619
Impairment	-	-	-	-	-	<u>78,141</u>	<u>78,141</u>
Balance at 31 December 2024	<u>9,342</u>	<u>30,629</u>	<u>14,386</u>	<u>24,811</u>	<u>1,892</u>	<u>78,141</u>	<u>159,201</u>
1 January 2025	9,342	30,629	14,386	24,811	1,892	78,141	159,201
Acquired through business combinations (note 4.1)	-	7,412	10,592	-	-	-	18,004
Amortisation for the year	3,568	13,728	29,141	27,986	2,222	-	76,645
Disposals	-	(39)	-	-	-	-	(39)
Exchange differences	-	626	2,246	-	-	-	2,872
Adjustment on finalisation of the purchase price allocation relating to prior year business combinations	-	515	-	-	-	-	515
Transfer from property, plant and equipment (note 14)	-	<u>12,157</u>	-	-	-	-	<u>12,157</u>
Balance at 31 December 2025	<u>12,910</u>	<u>65,028</u>	<u>56,365</u>	<u>52,797</u>	<u>4,114</u>	<u>78,141</u>	<u>269,355</u>
Net book value:							
Balance at 31 December 2024	<u>113,082</u>	<u>8,081</u>	<u>52,231</u>	<u>223,710</u>	<u>42,985</u>	<u>97,268</u>	<u>537,357</u>
Balance at 31 December 2025	<u>109,514</u>	<u>128,120</u>	<u>47,726</u>	<u>195,724</u>	<u>40,763</u>	<u>430,576</u>	<u>952,423</u>

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 15 INTANGIBLE ASSETS AND GOODWILL continued

During the year ended 31 December 2025, the Group performed its annual impairment assessments of goodwill, using the discounted cashflow model approach to calculate the value in use for the respective cash generating units. For the purpose of the impairment testing, goodwill was allocated to the respective cash generating units based on the respective enterprise values. The Group has assessed that no impairment loss is required to be recognised against goodwill at the reporting date. The Group has assessed that the recoverable amounts of the cash generating units exceed their carrying values and so no impairment loss is required to be recognised against goodwill at the reporting date. Following key assumptions were used in the discounted cashflow review:

- Terminal growth rate: 2.3%
- Discount rate: 9.5% - 11.1%

The recoverable amounts of the CGUs are most sensitive to the discount rate used for the value-in-use calculation. A change in discount rate by 1% would result in a reduction in the excess of the recoverable amounts over the carrying values of the CGUs (including allocated goodwill) by a range of 12% to 20%, without resulting in an impairment loss.

Amortisation charged for the year has been allocated in the consolidated statement of profit or loss as follows:

	<b>2025</b>	<b>2024</b>
	<b>AED '000</b>	<b>AED '000</b>
Direct costs (note 6)	<b>61,923</b>	45,139
General and administrative expenses (note 7)	<b><u>14,722</u></b>	<u>1,480</u>
	<b><u><u>76,645</u></u></b>	<u><u>46,619</u></u>

#### 16 INVESTMENT PROPERTIES

	<i>Properties under development</i>	<i>Labour camps</i>	<i>Land</i>	<i>Buildings</i>	<i>Total</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
At 1 January 2024	539,912	2,732,988	1,008,153	3,255,805	7,536,858
Acquired through business combinations	150,232	-	23,195,133	1,329,651	24,675,016
Additions during the year	14,434	-	2,688	111,411	128,533
Transfer of completed properties	(27,154)	-	-	27,154	-
Transfers from property, plant and equipment (note 14)	-	-	-	8,681	8,681
Transfers to inventories (note 19)	-	-	(22,799,584)	-	(22,799,584)
Change in fair value	-	(186,811)	(121,320)	96,024	(212,107)
Exchange movements	<u>-</u>	<u>-</u>	<u>(672)</u>	<u>-</u>	<u>(672)</u>
At 31 December 2024	<u>677,424</u>	<u>2,546,177</u>	<u>1,284,398</u>	<u>4,828,726</u>	<u>9,336,725</u>
At 1 January 2025	677,424	2,546,177	1,284,398	4,828,726	9,336,725
Adjustment on finalisation of the purchase price allocation relating to prior year business combinations	-	-	-	21,787	21,787
Additions	143,970	4,361	-	14,225	162,556
Transfer of completed properties	(20,620)	-	1,647	18,973	-
Transfers from property, plant and equipment (note 14)	972	-	-	3,617	4,589
Transfers to inventories (note 19)	-	-	(278,970)	-	(278,970)
Disposal	-	-	(117,560)	(2,341)	(119,901)
Write off	(11,720)	-	-	(3,600)	(15,320)
Change in fair value	-	(418,028)	(20,565)	782,019	343,426
Exchange movements	<u>-</u>	<u>-</u>	<u>4,843</u>	<u>2,042</u>	<u>6,885</u>
At 31 December 2025	<u><b>790,026</b></u>	<u><b>2,132,510</b></u>	<u><b>873,793</b></u>	<u><b>5,665,448</b></u>	<u><b>9,461,777</b></u>

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 16 INVESTMENT PROPERTIES continued

During the prior year, the Group acquired investment properties in a business combination amounting to AED 24,675,016 thousand, being recorded at their fair values as at acquisition date, which have been arrived at by management by reference to valuation carried out on the acquisition date by independent valuers not related to the Group. The independent valuers have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

During the year, the valuation of all properties was performed by an external independent valuer, accordingly management recorded a fair value gain of AED 343,426 thousand (2024: AED 212,107 thousand).

During the year, the Group transferred certain properties amounting to AED 278,970 thousand (2024: AED 22,799,584 thousand) to inventories and classified it under land plot held for sale and development.

Certain investment properties amounting to AED 2,338,200 thousand (2024: AED 3,107,821 thousand) are mortgaged against borrowings as disclosed in Note 29.

Following is the summary of valuation techniques and inputs used in the valuation of land and buildings:

#### Investment method

- Residential (Rent per Unit): AED 44,100 (smallest) – AED 380,000 (luxury villas) (2024: AED 20,400 – AED 370,000 per unit)
- Commercial/Office (Rent): AED 450– AED 1,400/sq. m (~AED 42–130/sq. ft) (2024: AED 45-95/sq. ft.)
- Retail (Rent): AED 900–AED 1,600 per sq. ft (2024: AED 66 – 140/sq. ft.)
- Car Park: AED 26,476–AED 39,047 per space (current valuation) (2024: AED 1,180 – AED 6,300 per unit)
- Labour camps : AED 1,095 – AED 5,200 per month (2024: AED 1,000 – AED 15,600 per month)
- Operating Expenses: 17–20% of Market Rent typical (2024: 10%-34% of market rent)
- Terminal capitalisation rate: 7.5–8.75% (2024: 7.5% - 8.5%)

#### Comparable method

- Residential properties: AED 919/sq.ft. – AED 1,266/sq.ft. (2024: AED 950/sq. ft. - AED 1,200/sq. ft.);
- Retail: AED 940/sq.ft.: (2024: AED 1,250/sq. ft); and
- Discount rate on sales: 4%-6% before a transaction occurs (2024: 4-8% before a transaction occurs).

The fair value measurement has been categorised as a Level 2 & Level 3 fair value based on the inputs to the valuation technique used.

	<i>Level 1</i> <i>AED '000</i>	<i>Level 2</i> <i>AED '000</i>	<i>Level 3</i> <i>AED '000</i>	<i>Total</i> <i>AED '000</i>
<b><i>Balance at 31 December 2025</i></b>				
Investment properties	-	<u>873,795</u>	<u>8,587,982</u>	<u>9,461,777</u>
<b><i>Balance at 31 December 2024</i></b>				
Investment properties	-	<u>1,284,398</u>	<u>8,052,327</u>	<u>9,336,725</u>

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 17 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Details of the Group's associates and joint ventures are as follows:

<i>Name of entity</i>	<i>Principal activities</i>	<i>Place of incorporation and operation</i>	<i>Ownership interest</i>	
			<i>2025</i>	<i>2024</i>
<b>Associates:</b>				
Century Village Real Estate Investment LLC	Real estate lease and management services, development construction, facilities management services.	UAE	<b>30%</b>	30%
ORA Developers Investment Holding Limited (i)	Develop, finance, own and operate, lease or sell directly or indirectly, the Plots or any of its components.	UAE	<b>20%</b>	20%
B2B Hotels & Properties LLC	Hotel owners	UAE	<b>20%</b>	20%
Park Hospitality Investment LLC	Hotel owners	UAE	<b>20%</b>	20%
Aldar Estate Holding Limited (ii)	Facility Management	UAE	-	17.45%
Wellington Lifestyle Partners LLC (iv)	Luxury residential development	USA	<b>13.48%</b>	-
<b>Joint Ventures:</b>				
Al Qudra Addoha pour L'Investissement Immobilier	Import and export and trading of oil and gas related material.	UAE	<b>50%</b>	50%
Bunya Enterprises LLC (iii)	consultancy and management of civil works and development of properties.	UAE	<b>66%</b>	%66
Mount Anvil	Property development	UAE	<b>50%</b>	50%
Riviera RSC Limited	Investment Holding Company	UAE	<b>51%</b>	51%
2 Finsbury Avenue Limited (vi)	Commercial Towers	UK	<b>50%</b>	-
HP4 Investments LLC (v)	Residential property development	USA	<b>62.5%</b>	-

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 17 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

The movement of investment in associates and joint ventures are as follows:

	<i>Century Village Real Estate Investment LLC</i>	<i>Ora Developers Investment Holding Limited (i)</i>	<i>Al Qudra Addoha pour L'Investissement Immobiliter</i>	<i>Mount Anvil</i>	<i>B2B Hotels &amp; Properties LLC</i>	<i>Park Hospitality Investment LLC</i>	<i>Aldar Estate Holding Limited (ii)</i>	<i>Riviera RSC Ltd</i>	<i>Bunya Enterprises LLC (iii)</i>	<i>Wellington Lifestyle Partners LLC (iv)</i>	<i>HP4 Investments LLC (v)</i>	<i>2 Finsbury Avenue Limited (vi)</i>	<b>31 December 2025 Total AED '000</b>	<i>31 December 2024 Total AED '000</i>
Balance at 1 January	60,821	11,023	449	130,807	137,404	94,563	508,932	1,298,892	-	-	-	-	<b>2,242,891</b>	102,964
Acquired through business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	848,737
Additions during the year	-	73,473	-	-	-	-	-	-	-	256,328	134,404	1,424,457	<b>1,888,662</b>	1,661,883
Share of profit (loss) for the year	(490)	(17,439)	-	64,435	8,738	5,120	34,690	69,049	-	-	-	99,489	<b>263,592</b>	115,114
Others	-	(67,057)	-	-	-	-	-	-	-	-	-	-	<b>(67,057)</b>	-
Share of other comprehensive income (loss) for the year	-	-	-	-	-	-	-	9,919	-	-	-	-	<b>9,919</b>	(172,556)
Disposals	-	-	-	-	-	-	(543,622)	-	-	-	-	-	<b>(543,622)</b>	(28,632)
Foreign exchange translation	-	-	47	8,843	-	1,014	-	(1,077)	-	-	-	104,181	<b>113,008</b>	(263,223)
Dividend received during the year	-	-	-	(103,431)	(43,611)	-	-	(36,454)	-	-	-	-	<b>(183,496)</b>	(21,396)
Balance at 31 December	<u>60,331</u>	<u>-</u>	<u>496</u>	<u>100,654</u>	<u>102,531</u>	<u>100,697</u>	<u>-</u>	<u>1,340,329</u>	<u>-</u>	<u>256,328</u>	<u>134,404</u>	<u>1,628,127</u>	<b><u>3,723,897</u></b>	<u>2,242,891</u>

## Modon Holding PSC and its subsidiaries

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 17 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

- i) During the year ended 31 December 2025, the Company sold a parcel of land to ORA Land SPV, a wholly owned subsidiary of ORA Developers Investment Holding Limited ("ODIHL"), an associate of the Company. This transaction was classified as a downstream transaction and accordingly 20% share of unrealised profit on sale has been eliminated. The carrying amount of Modon's investment is insufficient to fully absorb its share of unrealized profits, accordingly the excess amount has been recorded as deferred income. Modon will only resume recognizing its normal 20% share of ORA Q Land SPV's profits after the previously deferred income have been fully realized.
- ii) On 22 September 2025, the Group entered into and executed a Share Sale and Purchase Agreement ("SPA") with Aldar Properties PJSC ("Aldar"), pursuant to which the Group disposed of its entire 17.45% equity interest in Aldar Estate Holding Limited (the "Associate") to Aldar for a total consideration of AED 713,299 thousand. The gain on disposal of AED 169,677 thousand is recognised in this consolidated statement of profit or loss. The carrying value of the investment in the associate used for the gain or loss calculation was determined as at 30 September 2025. The Group determined that the share of profit from the associate attributable to the period between the transaction completion date and 30 September 2025 was immaterial.
- iii) Bunya Enterprises LLC ("Bunya") is a limited liability company incorporated in the Emirate of Abu Dhabi and is engaged in consultancy and management of civil works and development of properties. Bunya is treated as an associate, even though the Group holds 66% of equity investee, given that all decisions have to be approved via unanimous consent of all the shareholders.  
In addition, the Group has already recognised in prior years its share of loss in general and administrative expenses and accordingly its investment in Bunya has already been eroded. Accordingly, the Group is not recognizing any additional share of Bunya losses during the year ended 31 December 2025.
- iv) During the year ended 31 December 2025, the Group, through its wholly owned subsidiary Modon Wellington Holdings LLC, acquired a 13.476% equity stake in Wellington Lifestyle Partners LLC ("WLP"), a US-based real estate and hospitality development company focused on enhancing the equestrian lifestyle in Wellington, Florida. WLP is accounted for as an investment in an associate, as Modon's representation on the management committee and involvement in key policy decisions confer significant influence despite holding less than 20% interest.
- v) During the year ended 31 December 2025, the Group, through its subsidiary Modon Harborside Holdings LLC, acquired a 62.5% equity interest in HP4 Investments LLC ("HP4"), a joint venture established in partnership with Related Companies and Panepinto Properties. HP4 is classified as a joint venture, as the contractual governance structure grants Modon and its partner joint control over key business decisions, thereby requiring application of the equity method in accordance with IFRS 11 and IAS 28.
- vi) During the year ended 31 December 2025, Modon Jersey 2FA BGCO Limited, a fully owned subsidiary of the Group, entered into a Shareholders' Agreement with Bluebutton 2FA Limited to jointly own its investment in 2 Finsbury Avenue Limited ("Finsbury"). Finsbury is a Jersey-incorporated entity established as a joint venture between Bluebutton 2FA Limited (50%) and Modon Jersey 2FA BGCO Limited (50%) for the purpose of acquiring, developing, and managing the 2 Finsbury Avenue property in London as a long-term rental business. The Company operates as a distinct corporate entity under Jersey law, with its own governance structure, financial reporting, and contractual obligations.

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 17 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

The summarised financial information of material associates and joint ventures of the Group is as follows:

##### *Summarised statements of financial position:*

	<i>Century Village Real Estate Investment LLC</i>	<i>Ora Developers Investment Holding Limited (i)</i>	<i>Al Qudra Addoha pour L'Investis sement Immobilier</i>	<i>Mount Anvil</i>	<i>B2B Hotels &amp; Properties LLC</i>	<i>Park Hospitality Investment LLC</i>	<i>Riviera RSC Ltd</i>	<i>Bunya Enterprises LLC (iii)</i>	<i>2 Finsbury Avenue Limited (vi)</i>	<b>31 December 2025 Total AED '000</b>	<i>31 December 2024 Total AED '000</i>
Total assets	260,026	2,345,928	-	530,547	641,874	452,645	2,628,939	475,914	3,413,447	<b>10,749,320</b>	9,225,082
Total liabilities	(181,877)	(1,964,755)	-	(323,660)	(88,423)	(129,178)	(1,312)	(123,187)	(3,192,857)	<b>(6,005,249)</b>	(2,666,883)
Equity attributable to the owners of the entities	78,149	381,173	-	206,887	553,451	323,467	2,627,627	352,727	220,590	<b>4,744,071</b>	6,558,199
Group percentage holding	30%	20%	50%	50%	20%	20%	51%	66%	50%		
Group's share in net assets	23,445	-	-	103,444	110,690	64,693	1,340,090	232,800	110,295	<b>1,985,457</b>	2,288,413
Group's carrying amount of the investment (including goodwill)	60,331	-	496	100,654	102,531	100,697	1,340,329	-	1,628,127	<b>3,333,165</b>	2,242,891
<b><i>Summarised statements of profit or loss:</i></b>											
Revenue	-	21,677	-	574,565	106,106	120,557	-	26,423	14	<b>849,342</b>	3,207,124
Profit (loss) of the Company	(824)	(87,863)	-	128,869	39,312	4,766	135,390	(2,933)	198,978	<b>415,695</b>	403,417

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 18 INVESTMENTS IN FINANCIAL ASSETS

	2025 <i>AED '000</i>	2024 <i>AED '000</i>
Investments carried at fair value through profit or loss (i)	54,685	2,532,653
Investments carried at fair value through other comprehensive income (ii)	339,620	393,485
Investments carried at amortised cost (iii)	<u>-</u>	<u>52,070</u>
	<u><b>394,305</b></u>	<u><b>2,978,208</b></u>

Disclosed in the consolidated statement of financial position as follows:

	2025 <i>AED '000</i>	2024 <i>AED '000</i>
Non-current	339,620	445,555
Current	<u>54,685</u>	<u>2,532,653</u>
	<u><b>394,305</b></u>	<u><b>2,978,208</b></u>

(i) The geographical distribution of investments carried at fair value through profit or loss comprise:

	2025 <i>AED '000</i>	2024 <i>AED '000</i>
<b><i>Within UAE</i></b>		
Quoted equity securities	<u>2,933</u>	<u>2,234,133</u>
<b><i>Outside UAE</i></b>		
Quoted equity securities	-	130,292
Managed funds	<u>51,752</u>	<u>168,228</u>
	<u><b>51,752</b></u>	<u><b>298,520</b></u>
<b>Total</b>	<u><b>54,685</b></u>	<u><b>2,532,653</b></u>

(ii) The geographical distribution of investments carried at fair value through other comprehensive income comprise:

	2025 <i>AED '000</i>	2024 <i>AED '000</i>
<b><i>Within UAE</i></b>		
Quoted equity securities	1,348	31,486
Unquoted equity securities	<u>338,272</u>	<u>361,999</u>
	<u><b>339,620</b></u>	<u><b>393,485</b></u>

Management of the Group has elected to designate these investments in financial instruments as fair value through other comprehensive income, as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential over time.

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 18 INVESTMENTS IN FINANCIAL ASSETS continued

(iii) Investments carried at amortised cost comprise:

	<b>2025</b>	<b>2024</b>
	<b>AED '000</b>	<b>AED '000</b>
Debt instruments	<u>-</u>	<u>52,070</u>

The geographical distribution of investments carried at amortised cost :

#### *Within UAE*

	<b>2025</b>	<b>2024</b>
	<b>AED '000</b>	<b>AED '000</b>
Debt instruments	<u>-</u>	<u>52,070</u>

The movement in investments in financial assets is as follows:

	<i>Investments carried at fair value through other comprehensive income</i>	<i>Investments carried at fair value through profit or loss</i>	<i>Investments carried at amortised cost</i>	<i>Total</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
At 1 January 2025	393,485	2,532,653	52,070	2,978,208
Additions during the year	223	1,871	21	2,115
Amortisation during the year	-	-	626	626
Changes in fair value	(21,875)	221,952	-	200,077
Disposals during the year	<u>(32,213)</u>	<u>(2,701,791)</u>	<u>(52,717)</u>	<u>(2,786,721)</u>
At 31 December 2025	<u><b>339,620</b></u>	<u><b>54,685</b></u>	<u>-</u>	<u><b>394,305</b></u>
At 1 January 2024	444,476	2,558,234	61,421	3,064,131
Additions during the year	-	17,262	-	17,262
Matured during the year	-	-	(9,660)	(9,660)
Amortisation during the year	-	-	309	309
Changes in fair value	(50,991)	12,922	-	(38,069)
Disposals during the year	<u>-</u>	<u>(55,765)</u>	<u>-</u>	<u>(55,765)</u>
At 31 December 2024	<u>393,485</u>	<u>2,532,653</u>	<u>52,070</u>	<u>2,978,208</u>

The dividend income recognised in the consolidated statement of profit or loss amounted to AED 128,677 thousand (2024: AED 135,348 thousand) (note 8).

Fair value of certain unquoted investments have been estimated on the basis of latest concluded sales of similar investments confirmed by market intermediaries or through internal valuations.

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 18 INVESTMENTS IN FINANCIAL ASSETS continued

	<i>Stage 1 12- month ECL AED '000</i>	<i>Stage 2 lifetime ECL not credit impaired AED '000</i>	<i>Stage 3 lifetime ECL credit impaired AED '000</i>	Total AED '000
<b>31 December 2025</b>				
Investments at amortised cost	-	-	-	-
Provision for expected credit losses	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>31 December 2024</b>				
Investments at amortised cost	52,409	-	7,357	59,766
Provision for expected credit losses	(339)	-	(7,357)	(7,696)
	<u>52,070</u>	<u>-</u>	<u>-</u>	<u>52,070</u>

#### 19 INVENTORIES

	<b>2025 AED '000</b>	<b>2024 AED '000</b>
Land plots*	26,610,771	27,158,830
Real estate properties	635,198	2,383,155
Spares and consumables	51,619	44,289
	<u>27,297,588</u>	<u>29,586,274</u>
	<b>2025 AED '000</b>	<b>2024 AED '000</b>
Balance at 1 January	29,586,274	2,246,917
Acquired through business combinations (note 4.1)	11,090	5,935,198
Additions during the year	448,308	63,941
Adjustment on finalisation of the purchase price allocation relating to prior year business combinations	100,181	-
Transfers from investment properties (note 16)	278,970	22,799,584
Transfers to development work in progress (note 20)	(2,305,195)	(861,846)
Foreign exchange difference	102,403	(453,071)
Disposal/consumed during the year	<u>(924,443)</u>	<u>(144,449)</u>
Balance at 31 December	<u>27,297,588</u>	<u>29,586,274</u>

\* Land plots includes the land parcels for sale and also for the development of properties.

Inventories comprise of completed properties held for sale in the ordinary course of business and other operating inventories. Inventories are stated at the lower of cost and net realizable value. Further, the Group acquired inventories through business combination amounting to AED 11,090 thousand (2024: AED 4,778,349 thousand) and asset acquisition amounting to NIL (2024: AED 1,156,851 thousand), comprising mainly of partial developed and undeveloped lands in UAE and Egypt, being recorded based on provisional assessment of their fair values as at acquisition date.

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 20 DEVELOPMENT WORK-IN-PROGRESS

Development work-in-progress represents development and construction costs incurred on properties being constructed for sale in the ordinary course of business.

Movement during the year is as follows:

	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
Balance at 1 January	3,358,447	1,979,839
Additions during the year	4,665,820	1,594,165
Recognised in direct cost of properties development during the year	<b>(3,320,893)</b>	(1,075,984)
Transferred from inventories (note 19)	2,305,195	861,846
Derecognised during the year*	<b>(186,147)</b>	(1,419)
	<b>6,822,422</b>	3,358,447
Less: provision for impairment	<b>(710,628)</b>	(896,775)
Balance at 31 December	<b><u>6,111,794</u></b>	<b><u>2,461,672</u></b>

Movement in provision for impairment:

	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
Balance at 1 January	896,775	490,112
Charge for the year	-	406,663
Write-off during the year*	<b>(186,147)</b>	-
Balance at 31 December	<b><u>710,628</u></b>	<b><u>896,775</u></b>

\*During 2025, Shams land plots were sold and the corresponding provision for impairment amounting to AED 186,147 thousand was written back.

During the year 2025, the Group recorded an impairment of nil (2024: AED 406,663 thousand) on various development projects based on internal assessment.

Development work in progress consists of mainly projects in Reem Island, Hudriyat Island and other projects in Abu Dhabi, UAE and Ras El Hekma project Egypt.

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 21 TRADE AND OTHER RECEIVABLES

	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
Trade receivables	3,906,147	1,925,845
Less: allowance for expected credit losses on trade receivables	<u>(770,904)</u>	<u>(406,952)</u>
	3,135,243	1,518,893
Prepayments and other advances	1,711,978	627,935
Advances to contractors	1,689,714	194,323
Retention receivables	129,249	12,642
Contract assets	1,458,306	770,559
Other receivables	585,449	461,798
Less: allowance for expected credit losses on other receivables	<u>(6,345)</u>	<u>(57,125)</u>
Total	<u>8,703,594</u>	<u>3,529,025</u>
Non-current	395,103	538,515
Current	<u>8,308,491</u>	<u>2,990,510</u>
	<u>8,703,594</u>	<u>3,529,025</u>

The Group measures the loss allowance for trade receivables, unbilled revenue and other receivables at an amount equal to lifetime ECL. The expected credit losses on financial assets and contract assets are estimated using a provision matrix based on the Group's historical credit loss experience 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 debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Movements in the provision for expected credit losses on trade receivables were as follows:

	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
Balance at 1 January	406,952	286,210
Acquired through business combinations	22,385	39,397
Transfer from related parties (note 30)	268,742	-
Charge for the year, net	116,553	123,447
Exchange movement	83	(158)
Write off during the year	<u>(43,811)</u>	<u>(41,944)</u>
Balance at 31 December	<u>770,904</u>	<u>406,952</u>

Movements in the provision for expected credit losses on advances and other receivables were as follows:

	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
Balance at 1 January	57,125	3,720
Charge for the year	1,410	53,405
Reversal	<u>(52,190)</u>	<u>-</u>
Balance at 31 December	<u>6,345</u>	<u>57,125</u>

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 21 TRADE AND OTHER RECEIVABLES continued

Below is the information about the credit risk exposure on the Group's trade receivables:

	Total AED '000	Not past due AED '000	Past due				
			<30 days AED '000	31-60 days AED '000	61-120 days AED '000	121-360 days AED '000	>360 days AED '000
<b>31 December 2025</b>							
Expected credit loss rate		0%	0.63%	1.42%	6.88%	10.43%	59.76%
Estimated total, gross carrying amount at default	3,906,147	1,357,999	518,444	340,130	226,611	257,553	1,205,410
Life-time ECL	(770,904)	-	(3,260)	(4,841)	(15,598)	(26,857)	(720,348)
<b>31 December 2024</b>							
Expected credit loss rate	-	0%	10.52%	20.24%	2.43%	-	59.35%
Estimated total, gross carrying amount at default	1,925,845	424,563	205,246	313,393	96,215	347,913	538,515
Life-time ECL	(406,952)	-	(21,585)	(63,430)	(2,335)	-	(319,602)

#### 22 CASH AND BANK BALANCES

	2025 AED '000	2024 AED '000
Current and call accounts	10,575,256	5,400,384
Term deposits*	2,065,382	1,557,709
Margin accounts	1,349	51,577
Cash and bank balances	12,641,987	7,009,670
Less: term deposits with an original maturity of more than three months	(253,701)	(1,016,682)
Less: margin deposits with an original maturity of more than three months	(1,349)	(51,577)
Less: Escrow accounts**	(3,311,941)	(2,729,682)
Less: restricted cash**	(735,174)	(1,190,603)
<b>Cash and cash equivalents</b>	<b>8,339,822</b>	<b>2,021,126</b>

\*Term deposits are placed with commercial banks. These are mainly denominated in AED and earn interest at market rates. These deposits have an original on maturity between 3 to 12 months.

\*\*Restricted cash include balances amounting to AED 3,311,941 thousand (2024: AED 2,729,682 thousand) which are deposited into escrow accounts representing cash received as advances against sale of plots, villas and apartments in Reem Island, Al Ain and Hudriyat Island. The remaining balance of restricted cash amounting to AED 735,174 thousand (2024: AED 1,190,603 thousand) represents cash designated for development of specific projects for which separate bank accounts are maintained.

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 22 CASH AND BANK BALANCES continued

Cash and cash equivalents includes balances amounting to AED 3,331,813 thousand (31 December 2024 AED Nil) which are deposited in to escrow accounts representing cash received from customers against sale of plots, villas and apartments, which also include certain balances against which the Group has provided performance bonds and are available on demand.

#### 23 SHARE CAPITAL

	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
<b>Authorised, issued and fully paid</b>	<b><u>16,347,080</u></b>	<b><u>16,347,080</u></b>

31 December 2025: 16,347,080 thousand shares of AED 1 each (2024: 16,347,080 thousand shares of AED 1 each).

#### 24 LEGAL RESERVE

In accordance with the Group companies' Articles of Association and the UAE Federal Law No. (32) of 2021, as amended, 5% of the annual profit of respective profitable companies each year is to be transferred to a legal reserve that is non-distributable. Transfers to this reserve are required to be made until it equals at least 50% of the paid up share capital of respective companies. During the year, the Group companies' have transferred profit of AED 261,985 thousand (2024: AED 210,821 thousand) to its legal reserve.

#### 25 OTHER RESERVES

The movements in the 'other reserves' in the consolidated statement of financial position are as follows.

	<i>Subsidiary's reserves on acquisition AED '000</i>	<i>Foreign currency translation AED '000</i>	<i>Other comprehensive income AED '000</i>	<i>Total AED '000</i>
At 1 January 2024	245,885	(10,027)	2,032	237,890
Share of result of joint ventures and associates	-	-	(180,301)	(180,301)
Exchange differences on translation of foreign operations	<u>-</u>	<u>(715,374)</u>	<u>-</u>	<u>(715,374)</u>
At 31 December 2024	<u>245,885</u>	<u>(725,401)</u>	<u>(178,269)</u>	<u>(657,785)</u>
At 1 January 2025	245,885	(725,401)	(178,269)	(657,785)
Share of result of Joint ventures and associates	-	-	9,919	9,919
Exchange differences on translation of foreign operations	<u>-</u>	<u>381,229</u>	<u>-</u>	<u>381,229</u>
At 31 December 2025	<b><u>245,885</u></b>	<b><u>(344,172)</u></b>	<b><u>(168,350)</u></b>	<b><u>(266,637)</u></b>

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 26 TRADE AND OTHER PAYABLES

	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
Trade payables	5,425,617	493,930
Contract liabilities	4,507,886	996,717
Accrual for contractors' costs	3,428,791	472,046
Retention payables	2,573,414	210,266
Accrued expenses	1,574,484	1,527,943
Advance from customers	1,776,690	2,854,303
Deferred grants*	918,871	775,434
Other payables	727,421	573,849
Accrued interest	263,301	118,280
Provision for infrastructure construction cost	186,951	201,326
Dividend payable	<u>24,448</u>	<u>24,448</u>
Total	<u>21,407,874</u>	<u>8,248,542</u>
Non-current	3,427,379	1,287,211
Current	<u>17,980,495</u>	<u>6,961,331</u>
	<u>21,407,874</u>	<u>8,248,542</u>

The Group's trade and other payables have usual credit terms of 30 to 90 days from the invoice date. No interest is charged on trade payables.

\*These represent the amounts received for the development of specific projects classified under property, plant and equipment and the remaining funds have been appropriately classified as restricted bank balances.

#### 27 EMPLOYEES' END OF SERVICE BENEFITS

The movements in the provision recognised in the consolidated statement of financial position are as follows:

	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
Balance at 1 January	126,808	14,125
Acquired through business combinations (note 4.1)	10,135	89,309
Charge for the year	48,651	36,885
Derecognised on disposal of a subsidiary	(304)	(58)
Employees' end of service benefits paid	<u>(17,837)</u>	<u>(13,453)</u>
Balance at 31 December	<u>167,453</u>	<u>126,808</u>

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 28 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year:

	2025 <i>AED '000</i>	2024 <i>AED '000</i>
<b>Right-of-use assets:</b>		
Balance at 1 January	440,645	86,912
Acquired through business combinations (note 4.1)	107,381	219,440
Adjustment on finalisation of purchase price allocation relating to prior year business combinations	9,896	-
Additions	38,396	183,989
Depreciation expense for the year	(65,574)	(25,296)
Termination of a lease	(18,495)	-
Lease modifications	4,052	(15,399)
Exchange movement	<u>14,048</u>	<u>(9,001)</u>
Balance at 31 December	<u>530,349</u>	<u>440,645</u>
<b>Lease liabilities:</b>		
Balance at 1 January	511,977	124,283
Acquired through business combinations (note 4.1)	118,575	278,632
Adjustment on finalisation of the purchase price allocation relating to prior year business combinations	9,610	-
Additions	38,396	183,989
Interest expense	30,916	14,735
Payments during the year	(81,931)	(75,819)
Termination of a lease	(19,605)	-
Modifications during the year	4,052	(15,399)
Exchange movement	<u>11,776</u>	<u>1,556</u>
Balance at 31 December	<u>623,766</u>	<u>511,977</u>
Non-current	556,147	451,040
Current	<u>67,619</u>	<u>60,937</u>
	<u>623,766</u>	<u>511,977</u>

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 28 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES continued

Set out below are the amounts recognised in the consolidated statement of profit or loss related to leases:

	2025 <i>AED '000</i>	2024 <i>AED '000</i>
Direct cost (note 6)	32,495	16,424
General and administrative expenses (note 7)	33,079	8,872
Interest expense on lease liabilities (note 10)	<u>30,916</u>	<u>14,735</u>
	<u>96,490</u>	<u>40,031</u>

#### 29 LOANS AND BORROWINGS

	2025 <i>AED '000</i>	2024 <i>AED '000</i>
Term loans	3,575,605	3,441,022
Islamic financing facilities	<u>1,560,768</u>	<u>270,375</u>
Total	<u>5,136,373</u>	<u>3,711,397</u>
Non-current	2,943,416	3,094,039
Current	<u>2,192,957</u>	<u>617,358</u>
	<u>5,136,373</u>	<u>3,711,397</u>

The above facilities are taken from banks in the UAE, UK, Spain and Iceland and are repayable on demand, quarterly and semi-annual instalments of various amounts.

Movement in borrowings during the year is as follows:

	2025 <i>AED '000</i>	2024 <i>AED '000</i>
Balance at 1 January	3,711,397	1,976,135
Acquired through business combinations (note 4.1)	325,478	1,082,805
Adjustment on finalisation of the purchase price allocation relating to prior year business combinations	(27,982)	-
Drawdowns during the year	1,789,437	1,077,905
Exchange movement	54,106	(27,157)
Unamortised transaction cost	4,840	24,077
Repayments during the year	<u>(720,903)</u>	<u>(422,368)</u>
Balance at 31 December	<u>5,136,373</u>	<u>3,711,397</u>

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 29 LOANS AND BORROWINGS continued

<i>Borrowings form</i>								
<i>Financial institution</i>	<i>Currency</i>	<i>Interest rates</i>	<i>Maturity</i>	<i>2025</i>	<i>2024</i>	<i>Instalments</i>	<i>Purpose</i>	<i>Security</i>
Term Loan 1	AED	3M EIBOR + 2.5%	Dec-28	<b>194,449</b>	212,407	Quarterly	For the construction of Moon Flower	Mortgage over the assets
Term Loan 2	AED	3 months EIBOR + 1.3% p.a.	Jan-29	<b>145,768</b>	170,376	Quarterly	For the construction of Horizon Tower	Mortgage over the assets
Term Loan 3	AED	3.32% p.a.	Dec-28	<b>637,790</b>	743,652	Quarterly	General Purpose	Mortgage over the assets
Term Loan 4	AED	6 M EIBOR + 2.5%	Jan-30	<b>47,928</b>	56,360	Half Yearly	Construction of residential building	Mortgage over the assets
Term Loan 5	AED	3 M EIBOR + 0.85%	Jun-28	<b>800,000</b>	800,000	Quarterly	For the construction of Reem Village	Cash margin 100%
Term Loan 6	AED	3 months EIBOR + 1% p.a.	On Demand	-	100,000	On Demand	General Purpose	Equity shares pledged
Term Loan 7	USD EUR	SOFR + 4.98% EURIBOR + 4.81%	Mar-27	<b>488,643</b>	477,319	Lumpsum	Project Finance & Operations	Registered against the Property Bonds Registered against the Property Bonds
Term Loan 8	GBP	SONIA + 1.5%	Dec-29	<b>480,299</b>	446,132	Lumpsum	Project Finance & Operations	Excel London Property
Term Loan 9	GBP	SONIA + 2.05%	Aug-29	<b>246,195</b>	230,055	Lumpsum	Project Finance & Operations	Hotel Properties
Term Loan 10	GBP	SONIA + 1.25%	Dec-25	-	276,066	Lumpsum	Project Finance & Operations	Mortgage over the assets
Term Loan 11	UAE	EIBOR + 2.25% - 6% per annum	Aug-28	-	103,236	Monthly	Project Finance & Operations	Mortgage over the assets
Term Loan 12	GBP	Fixed 5.75%	Dec-25	-	17,721	Quarterly	Project Finance & Operations	Unsecured
Term Loan 13	AED	4.36% p.a.	Feb-33	<b>23,948</b>	28,862	Quarterly	General Purpose	Unsecured
Term Loan 14	EUR	4.15% p.a.	Jun-29	<b>18,257</b>	49,211	Quarterly	General Purpose	Assignment of proceeds from project
Term Loan 15	AED	6 M EIBOR + 0.60%	Jan-27	<b>1,415,000</b>	-	Semi Annually	General Purpose	Unsecured
Term Loan 16	USD	SOFR (1M) + Margin	Nov-26	<b>305,511</b>	-	On Demand	General Purpose	Underlying Assets
Term Loan 17	USD	SOFR (1M) + Margin	Nov-26	<b>42,601</b>	-	Quarterly	Purpose General	Underlying Assets
Term Loan 18	SAR	SIBOR (6M) + 1.5%	Feb-26	<b>11,344</b>	-	On Maturity	Working Capital Facilities	Promissory Note + Corporate Guarantee
Term Loan 19-22	GBP	5.84% - 6.80%	Jun-28 - Jun-30	<b>7,004</b>	-	Monthly	Vehicle loan/Equipment leasing	Underlying Asset
Term Loan 23	GBP	SONIA + 0.95%	Nov-28	<b>271,636</b>	-	Lumpsum	General Purpose	Underlying Assets

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 29 LOANS AND BORROWINGS continued

The following table details the Group's remaining contractual maturity for its borrowings. The table has been drawn up based on the undiscounted cash flows of borrowings based on contractual undiscounted payments.

	2025 <i>AED '000</i>	2024 <i>AED '000</i>
Less than 3 months	76,641	130,479
After 3 months but no more than 12 months	2,340,035	637,718
After one year but not more than five years	2,695,501	3,394,944
More than 5 years	<u>480,299</u>	<u>417,865</u>
	<u>5,592,476</u>	<u>4,581,006</u>

#### 30 RELATED PARTY BALANCES AND TRANSACTIONS

The Group enters into transactions with companies and entities that fall within the definition of a related party as defined in the International Accounting Standard (IAS) 24 Related Party Disclosures. These represent transactions with related parties, i.e., shareholders, associates, affiliates, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

On 30 October 2025, ownership of the Group was transferred from IHC and ADQ to L Imad Holding Company PJSC, an entity wholly owned by the Abu Dhabi Government. As a result, the Group is now considered a majority government-owned entity in accordance with the definition of IAS 24.

The Group has elected to apply the exemption in relation to government-related entities under IAS 24 'Related parties' to disclose transactions and balances with government related entities which are individually or collectively significant as of the reporting date. To determine significance, the Group considers various qualitative and quantitative factors including whether transactions with the related parties are based on approved terms and conditions set by management. The Group has transactions with government-related entities including, but not limited to, rendering and receiving services, use of public utilities and ancillary services.

Management has elected not to disclose such transactions, which are primarily in nature of financing and operational (power, utilities, infrastructure services, constructions services etc.) related activities and entered in the normal course of business at commercial terms.

Balances with other related parties mainly pertain to amounts due from/to related parties such as non-controlling interests, joint venturers, etc.

##### Related party balances

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

	2025 <i>AED '000</i>	2024 <i>AED '000</i>
<b>Due from related parties</b>		
Department of Finance	5,998,151	6,906,156
Associate	1,191,218	-
Entities under common control	394,666	2,308,423
Other related parties	<u>395,041</u>	<u>416,489</u>
	7,979,076	9,631,068
Less: allowance for expected credit losses	<u>(47,547)</u>	<u>(316,289)</u>
	<u>7,931,529</u>	<u>9,314,779</u>

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 30 RELATED PARTY BALANCES AND TRANSACTIONS continued

##### Related party balances continued

Movements in the provision for expected credit losses of due from related parties were as follows:

	<i>2025</i>	<i>2024</i>
	<i>AED '000</i>	<i>AED '000</i>
Balance at 1 January	316,289	300,669
Transfer to trade receivable during the year (note 21)	(268,742)	-
Charge for the year	<u>-</u>	<u>15,620</u>
Balance at 31 December	<u>47,547</u>	<u>316,289</u>
	<i>2025</i>	<i>2024</i>
	<i>AED '000</i>	<i>AED '000</i>
Non-current	1,183,975	-
Current	<u>6,747,554</u>	<u>9,314,779</u>
	<u>7,931,529</u>	<u>9,314,779</u>
	<i>2025</i>	<i>2024</i>
	<i>AED '000</i>	<i>AED '000</i>
<b>Due to related parties</b>		
Entities under common control	1,642,027	9,637,242
Other related parties	<u>51,694</u>	<u>144,128</u>
	<u>1,693,721</u>	<u>9,781,370</u>
	<i>2025</i>	<i>2024</i>
	<i>AED '000</i>	<i>AED '000</i>
Non-current	430,404	1,089,965
Current	<u>1,263,317</u>	<u>8,691,405</u>
	<u>1,693,721</u>	<u>9,781,370</u>

##### Related party transactions

Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

	<i>2025</i>	<i>2024</i>
	<i>AED '000</i>	<i>AED '000</i>
Revenue from sale of land plots to related parties	<u>1,402,467</u>	<u>337,026</u>
Revenue from sales and services	<u>1,517,748</u>	<u>840,166</u>
Purchases	<u>178,560</u>	<u>127,173</u>
Interest income on loan from a related party (note 9)	<u>32,172</u>	<u>-</u>
Interest on loan from a related party (note 10)	<u>117,297</u>	<u>104,005</u>

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 30 RELATED PARTY BALANCES AND TRANSACTIONS continued

##### Balances and transactions with a financial institution / other related parties:

###### Balances:

	2025 <i>AED '000</i>	2024 <i>AED '000</i>
Balances with a financial institution	<u>-</u>	<u>5,115,859</u>
Loans from a financial institution	<u>-</u>	<u>1,964,673</u>
Investments in financial assets	<u>2,933</u>	<u>2,063,370</u>
Loan from a related party	<u>1,652,713</u>	<u>1,652,713</u>
Interest payable to related party	<u>221,213</u>	<u>104,005</u>

The Group has a loan from ADQ amounting to AED 1,652,713 thousand (2024: AED 1,652,713 thousand) to finance investments and other business operations with a maturity of February 2033. The loan is unsecured and repayable in full on or before maturity. The loan carries fixed interest rate at 7% per annum. The loan amount is repayable at maturity in 2033.

##### Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	2025 <i>AED '000</i>	2024 <i>AED '000</i>
Management compensation	<u>17,026</u>	<u>10,522</u>
Employees' end of service benefits	<u>178</u>	<u>246</u>
	<u>17,204</u>	<u>10,768</u>

#### 31 NON-CONTROLLING INTERESTS

Proportion of equity interest held by non-controlling interests:

<i>Name</i>	<i>Country of incorporation and operation</i>	<i>Percentage of holding</i>	
		<i>2025</i>	<i>2024</i>
Construction Workers Residential City LLC	United Arab Emirates	<b>35%</b>	35%
Radiant & Moonflower Real Estate Development LLC	United Arab Emirates	<b>35%</b>	35%
Al Rayan Investment	United Arab Emirates	<b>0.03%</b>	0.03%
Green Precast Systems Technologies LLC	United Arab Emirates	<b>30%</b>	30%
Q Link Transport LLC	United Arab Emirates	<b>15%</b>	15%
Emirates Simulation Academy LLC	United Arab Emirates	<b>40%</b>	40%
Q Active	United Arab Emirates	<b>49%</b>	49%
ABINA	United Arab Emirates	<b>50%</b>	50%
QP Int'l LLC	United Arab Emirates	<b>40%</b>	40%
Arch Model	United Arab Emirates	<b>40%</b>	40%
Capital Protocol - LLC	United Arab Emirates	<b>60%</b>	60%

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 31 NON-CONTROLLING INTERESTS continued

Set out below is summarised financial information for each subsidiary that has non-controlling interest that is material to the Group. The amounts disclosed for each subsidiary are before intercompany eliminations.

#### Summarized statement of financial position:

	<i>Construction Workers Residential City LLC</i>		<i>Radiant &amp; Moonflower Real Estate Development LLC</i>		<i>Green Precast Systems Technologies LLC</i>		<i>Other subsidiaries</i>		<i>Total</i>	
	<i>31 December 2025</i>	<i>31 December 2024</i>	<i>31 December 2025</i>	<i>31 December 2024</i>	<i>31 December 2025</i>	<i>31 December 2024</i>	<i>31 December 2025</i>	<i>31 December 2024</i>	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Non-current assets	<b>701,763</b>	705,004	<b>1,780,905</b>	2,163,949	-	-	<b>1,169,665</b>	600,986	<b>3,652,333</b>	3,469,939
Current assets	<b>141,416</b>	111,820	<b>382,413</b>	311,190	<b>230</b>	230	<b>1,499,148</b>	1,293,591	<b>2,023,207</b>	1,716,831
Total assets	<b>843,179</b>	816,824	<b>2,163,318</b>	2,475,139	<b>230</b>	230	<b>2,668,813</b>	1,894,577	<b>5,675,540</b>	5,186,770
Non-current liabilities	<b>45,572</b>	46,653	<b>44,968</b>	44,724	<b>415</b>	415	<b>619,721</b>	479,199	<b>710,676</b>	570,991
Current liabilities	<b>119,264</b>	344,425	<b>1,159,546</b>	918,349	<b>174,686</b>	174,686	<b>1,538,712</b>	1,183,327	<b>2,992,208</b>	2,620,787
Total liabilities	<b>164,836</b>	391,078	<b>1,204,514</b>	963,073	<b>175,101</b>	175,101	<b>2,158,433</b>	1,662,526	<b>3,702,884</b>	3,191,778
Net assets	<b>678,343</b>	425,746	<b>958,804</b>	1,512,066	<b>(174,871)</b>	(174,871)	<b>510,380</b>	232,051	<b>1,972,656</b>	1,994,992
Non-controlling interests	<b>251,988</b>	247,909	<b>644,613</b>	976,259	<b>(70,008)</b>	(70,008)	<b>20,887</b>	32,023	<b>847,480</b>	1,186,183
<b>Summarized statement of profit or loss:</b>										
Revenue	<b>113,799</b>	86,157	<b>212,475</b>	142,943	-	-	<b>241,315</b>	231,213	<b>567,589</b>	460,313
(Loss) profit for the year	<b>11,511</b>	(73,872)	<b>(322,437)</b>	(16,198)	-	-	<b>(26,986)</b>	(96,783)	<b>(337,912)</b>	(186,853)
Total comprehensive income allocated to non-controlling interest	<b>4,080</b>	(25,854)	<b>(88,474)</b>	(5,667)	-	-	<b>(11,136)</b>	(2,281)	<b>(95,530)</b>	(33,802)

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 32 CONTINGENCIES AND COMMITMENTS

	<i>2025</i> <i>AED '000</i>	<i>2024</i> <i>AED '000</i>
<b>Contingencies:</b>		
As at reporting date, the following contingent liabilities were outstanding:		
Bank guarantees	322,027	-
Performance bonds	<u>1,671,870</u>	<u>124,450</u>
	<u>1,993,897</u>	<u>124,450</u>
<b>Capital commitments:</b>		
As at reporting date, the capital commitments relate to the following:		
Construction of Infrastructure	<u>9,818,907</u>	<u>5,731,811</u>
Investment commitments	<u>1,309,062</u>	<u>3,899</u>

#### 33 SEGMENT REPORTING

The Group management monitors the financial and operational performance of each segment separately for decision-making, resource allocation, and performance evaluation. Segment results are assessed using key performance indicators, including revenue, gross profit and net profit, consistent with the accounting principles and is aligned with the profit or loss reported in the consolidated financial statements. For management and reporting purposes, the Group's operations are structured into segments with similar economic characteristics.

During the year, the Group underwent an internal restructuring of its operations, driven by continued organic growth and recent strategic acquisitions. As a result of this evolution, the comparatives have been reclassified to conform with the current year presentation.

The Group has identified four reportable segments for the current and comparative year which are as follows:

##### 1) Real Estate Development

This segment involves master planning, development, sales, and management of real estate projects (residential, commercial, infrastructure and land plots) in the UAE and international markets

##### 2) Asset and Investment Management

Modon Asset and Investment Management platform segment comprises of two core business lines:

- **Communities:** owns, manages and leases residential, commercial, retail, leisure, and staff accommodation assets generating recurring income and contributing to integrated communities
- **Investments:** focuses on strategic capital deployment in the UAE and international markets, including investments in joint ventures

##### 3) Hospitality

This segment owns, manages, and operates hotel and restaurant assets in the UAE and international markets.

**33 SEGMENT REPORTING (continued)**

**4) Events, Catering and Tourism**

This segment comprises 6 inter-connected clusters which are as below;

- **Venues:** Exhibition centers and event spaces in the UAE and international markets
- **Events:** End-to-end event solutions, including event organization
- **Catering:** F&B services provided to venues, exhibitions, events, and external clients, including weddings, conferences, aviation and corporates across different industries
- **Event Infrastructure:** Temporary structures, guest logistics, and support services in the UAE and international markets
- **Tourism:** Travel agency services, travel packages, and tour operations
- **Media:** Media infrastructure, production services, and broadcast management services

**5) Others**

Others include corporate support functions, inter-segment eliminations, fair value adjustments and activities not directly related to the core business segments

Based on the information reported to the Group's management for the allocation of resources, marketing strategies, management reporting lines and performance measurement, the reportable segments under IFRS 8 have been identified in line with the Group's investment structure and customer service offerings.

Modon Holding PSC and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

33 SEGMENT REPORTING continued

	<i>Real Estate Development</i>	<i>Real Estate Development</i>	<i>Asset and Investment Management</i>	<i>Asset and Investment Management</i>	<i>Hospitality</i>	<i>Hospitality</i>	<i>Events, Catering and Tourism</i>	<i>Events, Catering and Tourism</i>	<i>Others</i>	<i>Others</i>	<i>Total</i>	<i>Total</i>
	<i>31 December 2025</i>	<i>31 December 2024</i>	<i>31 December 2025</i>	<i>31 December 2024</i>	<i>31 December 2025</i>	<i>31 December 2024</i>	<i>31 December 2025</i>	<i>31 December 2024</i>	<i>31 December 2025</i>	<i>31 December 2024</i>	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Revenues	7,403,313	2,869,294	654,658	578,358	791,771	569,870	5,008,749	2,493,660	(29,622)	-	13,828,869	6,511,182
Direct costs	(4,170,422)	(1,678,650)	(233,575)	(195,054)	(580,878)	(325,183)	(3,683,720)	(1,957,086)	(135,015)	(38,702)	(8,803,610)	(4,194,675)
<b>GROSS PROFIT (LOSS)</b>	<b>3,232,891</b>	<b>1,190,644</b>	<b>421,083</b>	<b>383,304</b>	<b>210,893</b>	<b>244,687</b>	<b>1,325,029</b>	<b>536,574</b>	<b>(164,637)</b>	<b>(38,702)</b>	<b>5,025,259</b>	<b>2,316,507</b>
General and administrative expenses	(738,275)	(442,380)	(133,162)	(192,525)	(147,091)	(148,932)	(586,572)	(124,087)	57,624	(8,246)	(1,547,476)	(916,170)
Selling and marketing expenses	(218,457)	(98,075)	(4,472)	(2,810)	(24,647)	(930)	(6,567)	(12,068)	(12,068)	(1,042)	(266,211)	(102,857)
Changes in fair value of investments carried at fair value through profit or loss	-	-	221,952	12,922	-	-	-	-	-	-	221,952	12,922
Fair value gain (loss) on revaluation of investment properties	(10,240)	(56,393)	(26,144)	(69,889)	-	-	(1,914)	(85,825)	381,724	-	343,426	(212,107)
Provision for impairment loss on property, plant and equipment	-	-	-	(3,214)	-	(525,888)	-	(10,820)	-	-	-	(539,922)
Reversal of impairment loss on development work-in progress	-	(289,689)	-	(85)	-	-	-	-	-	(116,889)	-	(406,663)
Bargain purchase gain on acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	9,192,243	-	9,192,243
Impairment loss on goodwill	-	-	-	-	-	-	-	-	-	(78,141)	-	(78,141)
Gain (loss) on disposal of an associate	-	(1,623)	-	-	-	-	169,677	-	-	-	169,677	(1,623)
Share of profit from investments in associates and joint ventures	(17,930)	-	99,489	-	89,714	66,872	99,125	53,913	(6,806)	(5,671)	263,592	115,114
Investment and other income	131,979	23,520	144,524	139,339	(18,682)	22,336	59,779	29,228	20,660	25,289	338,260	239,712
Finance income	192,769	116,803	15,303	(45,044)	1,550	975	59,045	41,258	(5,744)	12,784	262,923	126,776
Finance costs	(2,555)	(47,574)	(53,491)	(40,058)	(180,887)	(161,822)	(56,000)	(6,728)	(97,456)	(27,261)	(390,389)	(283,443)
<b>PROFIT FOR THE YEAR BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>2,570,182</b>	<b>395,233</b>	<b>685,082</b>	<b>181,940</b>	<b>(69,150)</b>	<b>(502,702)</b>	<b>1,061,602</b>	<b>433,513</b>	<b>173,297</b>	<b>8,954,364</b>	<b>4,421,013</b>	<b>9,462,348</b>
<b>PROFIT FROM DISCONTINUED OPERATIONS</b>	<b>(22,609)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,791</b>	<b>25,919</b>	<b>182</b>	<b>25,919</b>
<b>PROFIT BEFORE TAX FOR THE PERIOD</b>	<b>2,547,573</b>	<b>395,233</b>	<b>685,082</b>	<b>181,940</b>	<b>(69,150)</b>	<b>(502,702)</b>	<b>1,061,602</b>	<b>433,513</b>	<b>196,088</b>	<b>8,980,283</b>	<b>4,421,195</b>	<b>9,488,267</b>
Segment assets	55,738,581	45,685,818	11,095,849	10,767,343	4,601,757	5,053,048	14,118,268	12,515,103	1,476,530	1,903,969	87,030,985	75,925,281
Segment liabilities	18,565,347	13,853,415	1,614,176	1,582,660	3,795,745	4,118,539	5,973,554	4,739,657	2,332,179	768,419	32,281,001	25,062,690

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 34 FAIR VALUE MEASUREMENT

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices at the close of the business on the reporting date.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

#### Fair value of the Group's assets that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable and gives information about how the fair value of these financial assets are determined.

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3** fair value measurements 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 table below analyses assets measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	<i>Level 1</i> <i>AED '000</i>	<i>Level 2</i> <i>AED '000</i>	<i>Level 3</i> <i>AED '000</i>	<i>Total</i> <i>AED '000</i>
<b>Balance at 31 December 2025</b>				
<i>Investments carried at fair value through other comprehensive income</i>				
Quoted shares	1,348	-	-	1,348
Unquoted shares	-	338,000	272	338,272
	<u>1,348</u>	<u>338,000</u>	<u>272</u>	<u>339,620</u>
 <i>Investments carried at fair value through profit or loss</i>				
Quoted shares	2,933	-	-	2,933
Managed funds	-	51,752	-	51,752
	<u>2,933</u>	<u>51,752</u>	<u>-</u>	<u>54,685</u>
 <b>Balance at 31 December 2024</b>				
<i>Investments carried at fair value through other comprehensive income</i>				
Quoted shares	31,486	-	-	31,486
Unquoted shares	-	361,999	-	361,999
	<u>31,486</u>	<u>361,999</u>	<u>-</u>	<u>393,485</u>
 <i>Investments carried at fair value through profit or loss</i>				
Quoted shares	2,364,425	-	-	2,364,425
Unquoted shares	-	-	-	-
Managed funds	-	168,228	-	168,228
	<u>2,364,425</u>	<u>168,228</u>	<u>-</u>	<u>2,532,653</u>

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 34 FAIR VALUE MEASUREMENT continued

##### Fair value of the Group's assets that are measured at fair value on recurring basis continued

Assets and liabilities for which fair values are disclosed:

	2025		2024	
	<i>Carrying amount</i> <i>AED '000</i>	<i>Fair value</i> <i>AED '000</i>	<i>Carrying Amount</i> <i>AED '000</i>	<i>Fair value</i> <i>AED '000</i>
Loans and borrowings	637,792	580,048	743,652	660,106
Investments carried at amortised cost	-	-	52,070	52,879

#### 35 FINANCIAL RISK MANAGEMENT

##### Capital risk management

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

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

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

Consistent with others in the industry, the Group monitors capital based on the gearing ratio. This ratio is calculated as total debt divided by total capital. Total debt is calculated as total borrowings, loan from a related party, lease liabilities, amounts due to related parties. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus debt.

	2025 <i>AED '000</i>	2024 <i>AED '000</i>
Loans and borrowings (note 29)	5,136,373	3,711,397
Loan from a related party (note 30)	1,652,713	1,652,713
Lease liabilities (note 28)	623,766	511,977
Amounts due to related parties (note 30)	1,693,721	9,781,370
Debt	9,106,573	15,657,457
Equity attributable to owners of the parent	53,902,504	49,676,408
Total capital	63,009,077	65,333,865
Gearing ratio	14.45%	23.97%

**35 FINANCIAL RISK MANAGEMENT** continued

**Financial risk management objectives**

Financial instruments comprise financial assets and financial liabilities. The Group's principal financial liabilities comprise trade payables, amount due to related parties, lease liabilities, loans and borrowings and other payables. The Group has various financial assets such as trade receivables, amounts due from related parties, bank balances, investments carried at fair value through profit or loss, investments carried at amortised cost, investments carried at fair value through other comprehensive income and cash and other receivables which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, currency risk and liquidity risk. The Group's policies for management of these risks are summarised below.

**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to financial loss.

Credit risk refers to the risk that a debtor will default on contractual obligations resulting in financial loss to the Group. The Group maintains a credit policy that states dealing with only credit worthy parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, including cash and cash equivalents, 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.

*Concentration of credit risk*

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

Management believes that the concentration of credit risk is mitigated by having received instalment payments, in some cases substantial, which the Group would contractually be entitled to retain in the event of non-completion of the remaining contractual obligations in order to cover the losses incurred by the Group.

Details on concentration of trade receivable balances are disclosed in note 21.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency), borrowings, and the Group's net investments in foreign subsidiaries and joint ventures.

The Group has an exposure on its foreign currency transactions mainly from US Dollars, UK Pounds (GBP) Icelandic króna (ISK), Egyptian pounds (EGP), Moroccan Dirham and EUROS. As the UAE Dirham is pegged to the US Dollar, any balances in US Dollars, or US Dollar pegged currencies are not considered to represent significant currency risk.

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 35 FINANCIAL RISK MANAGEMENT continued

##### Foreign currency risk continued

Currency	Sensitivity rate	Currency exposure		Impact on profit		Impact on equity	
		2025 AED'000	2024 AED'000	2025 AED'000	2024 AED'000	2025 AED'000	2024 AED'000
Egyptian Pound (EGP)	+/- 5%	<b>6,429</b>	1,929	<b>(6,504)</b>	-	<b>(58,599)</b>	96,484
Moroccan Dirham (MAD)	+/- 5%	<b>740</b>	22	<b>(2,864)</b>	-	<b>(41,932)</b>	1,110
EURO (EUR)	+/- 5%	<b>2,666</b>	356	<b>1,039</b>	-	<b>3,168</b>	17,820
Great Britain Pound (GBP)	+/- 5%	<b>14,112</b>	614	<b>21,405</b>	29,604	<b>227,395</b>	1,107
Icelandic króna (ISK)	+/- 5%	<b>2,064</b>	121	<b>(1,845)</b>	6,040	<b>6,325</b>	15

##### Price risk

The Group is exposed to equity securities price risk because of quoted investments held by the Group. The Group's quoted investment portfolio amounted to AED 4,281 thousand (2024: AED 2,395,911 thousand). At the reporting date if the prices of investments were 5% higher/lower with all other variables held constant, the Group's equity and profit or loss would have increased/decreased as follows:

	2025 AED '000	2024 AED '000
Impact on the Group's profit for the year (increase/decrease)	<u>214</u>	<u>118,222</u>
Impact on the Group's other comprehensive income for the year (increase/decrease)	<u>-</u>	<u>1,574</u>

##### Liquidity risk

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

Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group Finance. The Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while always maintaining sufficient headroom on its undrawn committed borrowing facilities so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debts financing plans, covenant compliance and compliance with internal consolidation statement of financial position targets.

## Modon Holding PSC and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

#### 35 FINANCIAL RISK MANAGEMENT continued

##### Liquidity risk continued

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>&gt; 5 years years</i>	<i>Total</i>
<b>At 31 December 2025</b>					
Trade and other payables	2,492,880	15,487,615	3,427,379	-	21,407,874
Income tax payable	-	468,089	-	-	468,089
Amounts due to related parties	-	1,263,317	430,404	-	1,693,721
Loans and borrowings	76,641	2,093,840	2,941,697	480,298	5,592,476
Lease liabilities	<u>21,633</u>	<u>65,023</u>	<u>143,198</u>	<u>639,532</u>	<u>869,386</u>
	<u>2,591,154</u>	<u>19,377,884</u>	<u>6,942,678</u>	<u>1,119,830</u>	<u>30,031,546</u>
<b>At 31 December 2024</b>					
Trade and other payables	625,593	934,714	102,565	-	1,662,872
Amounts due to related parties	36,646	8,654,759	1,089,965	-	9,781,370
Loans and borrowings	130,479	637,718	3,394,944	417,865	4,581,006
Lease liabilities	<u>5,084</u>	<u>124,532</u>	<u>121,246</u>	<u>1,055,588</u>	<u>1,306,450</u>
	<u>797,802</u>	<u>10,351,723</u>	<u>4,708,720</u>	<u>1,473,453</u>	<u>17,331,698</u>

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates.

##### Interest rate sensitivity analysis

The following table demonstrates the sensitivity of the consolidated statement of comprehensive income to reasonably possible changes in interest rates, with all other variables held constant. The sensitivity of the consolidated statement of comprehensive income is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and liabilities held at 31 December 2025.

	<i>(Decrease) increase in profit for the year AED '000</i>
<b>2025</b>	
+ 100 increase in basis points	<b>26,031</b>
- 100 decrease in basis points	<b>(26,031)</b>
<b>2024</b>	
+ 100 increase in basis points	29,677
- 100 decrease in basis points	(29,677)

#### 36 SUBSEQUENT EVENTS

Modon Holding PSC ("Modon") has entered into definitive agreements to divest its full indirect investment in Icon Hotel Investment Ltd ("ICON") to Abu Dhabi Developmental Holding Company ("ADQ"). The transaction is expected to be completed by Q1 2026, after receiving necessary regulatory approvals.