

Palms Sports PJSC

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

PERIOD ENDED 30 SEPTEMBER 2025



Shape the future
with confidence

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF

PALMS SPORTS PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Palms Sports PJSC (the “Company”) and its subsidiaries (together referred to as the “Group”) as at 30 September 2025, comprising of the interim condensed consolidated statement of financial position as at 30 September 2025, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three and nine month periods then ended and the interim condensed consolidated statements of changes in equity and cash flows for the nine month period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects in accordance with IAS 34, “*Interim Financial Reporting*”.

For Ernst & Young

Ahmad Al Dali
Registration No 5548

20 October 2025
Abu Dhabi, United Arab Emirates

Palms Sports PJSC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2025

	<i>Notes</i>	<i>(Unaudited) 30 September 2025</i>	<i>(Audited) 31 December 2024</i>
		<i>AED</i>	<i>AED</i>
ASSETS			
Non-current assets			
Property and equipment	4	94,491,773	93,642,650
Prepayments	7	5,091,997	7,010,519
Intangible assets and goodwill		75,915,748	82,258,670
Investment in joint ventures	5	6,535,658	5,358,953
Right-of-use asset		11,760,045	12,526,825
Investments in financial assets	6	<u>27,280,889</u>	<u>28,833,472</u>
		<u>221,076,110</u>	<u>229,631,089</u>
Current assets			
Inventories		6,714,199	6,795,170
Investments in financial assets	6	84,519,558	77,739,726
Trade and other receivables	7	482,544,332	394,795,181
Amounts due from related parties	11	73,357,448	92,431,478
Loans to related parties	11.1	8,300,000	4,300,000
Cash and bank balances	8	<u>183,045,016</u>	<u>306,189,489</u>
		<u>838,480,553</u>	<u>882,251,044</u>
TOTAL ASSETS		<u>1,059,556,663</u>	<u>1,111,882,133</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	150,000,000	150,000,000
Legal reserve	10	52,489,578	52,489,578
Merger reserve		4,267,579	4,267,579
Cumulative changes on revaluation of investments		(6,672,186)	(4,420,372)
Retained earnings		<u>407,089,689</u>	<u>372,846,008</u>
Equity attributable to the Owners of the Company		<u>607,174,660</u>	<u>575,182,793</u>
Non-controlling interest		<u>(450,277)</u>	<u>238,224</u>
Total equity		<u>606,724,383</u>	<u>575,421,017</u>
Non-current liabilities			
Provision for employees' end of service benefits		137,351,303	125,870,684
Deferred tax liability	17	4,037,357	4,644,137
Lease liabilities		7,721,286	8,729,566
Bank borrowings	13	<u>77,501,000</u>	<u>157,333,333</u>
		<u>226,610,946</u>	<u>296,577,720</u>
Current liabilities			
Trade and other payables		159,249,606	133,721,886
Amounts due to related parties	11	11,750,066	10,034,021
Current tax liabilities	17	10,443,794	13,723,980
Bank borrowings	13	41,666,000	78,908,067
Lease liabilities		<u>3,111,868</u>	<u>3,495,442</u>
		<u>226,221,334</u>	<u>239,883,396</u>
Total liabilities		<u>452,832,280</u>	<u>536,461,116</u>
TOTAL EQUITY AND LIABILITIES		<u>1,059,556,663</u>	<u>1,111,882,133</u>

Chief Executive Officer

Director

The attached notes 1 to 21 form part of these interim condensed financial statements.

Palms Sports PJSC

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three and nine month periods ended 30 September 2025

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2025 AED	2024 AED	2025 AED	2024 AED
Revenue from contract with customers	14	284,789,663	257,922,452	841,929,168	769,878,494
Cost of sales		(231,273,150)	(218,652,509)	(698,616,701)	(625,157,932)
GROSS PROFIT		53,516,513	39,269,943	143,312,467	144,720,562
General and administrative expenses		(16,801,082)	(5,250,335)	(50,939,678)	(45,566,794)
Share of profit of joint ventures	5	288,201	103,088	1,026,705	152,290
Impairment of intangible assets and goodwill	19	(2,786,760)	-	(2,786,760)	-
Finance income		1,196,697	858,027	3,961,766	4,761,283
Finance costs		(3,081,779)	(4,173,613)	(9,587,297)	(12,609,195)
Changes in fair value of financial assets carried at fair value through profit or loss	6.2	10,265,356	6,174,941	6,779,832	(13,674,614)
Dividend income		-	-	440,635	345,527
(Provision for) reversal of provision expected credit losses, net	7	(106,995)	833,763	(977,097)	(268,175)
Other income		<u>848,032</u>	<u>4,355,173</u>	<u>2,457,687</u>	<u>6,028,431</u>
PROFIT BEFORE TAX		43,338,183	42,170,987	93,688,260	83,889,315
Income tax expense	17	(4,666,936)	(3,716,132)	(10,132,080)	(7,131,762)
NET PROFIT FOR THE PERIOD		38,671,247	38,454,855	83,556,180	76,757,553
Attributable to:					
Owners of the Company		38,840,415	38,639,524	84,244,681	76,976,386
Non-controlling interest		(169,168)	(184,669)	(688,501)	(218,833)
		<u>38,671,247</u>	<u>38,454,855</u>	<u>83,556,180</u>	<u>76,757,553</u>
Basic earnings per share	15	0.26	0.26	0.56	0.51

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Palms Sports PJSC

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three and nine month periods ended 30 September 2025

Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2025 AED	2024 AED	2025 AED	2024 AED
PROFIT FOR THE PERIOD	38,671,247	38,454,855	83,556,180	76,757,553
Other comprehensive income (loss)				
<i>Items that will not be reclassified to profit or loss</i>				
Equity investments at fair value through other comprehensive income (net of tax)	6	382,924	(895,612)	(2,251,814)
Amount reclassified to merger reserve on acquisition of subsidiary		<u>—</u>	<u>—</u>	<u>—</u>
Total other comprehensive income (loss)		382,924	(895,612)	(2,251,814)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	39,054,171	<u>37,559,243</u>	81,304,366	<u>72,557,618</u>
Attributable to:				
Owners of the Company		39,223,339	37,743,912	81,992,867
Non-controlling interest		<u>(169,168)</u>	<u>(184,669)</u>	<u>(688,501)</u>
		39,054,171	<u>37,559,243</u>	81,304,366
				<u>72,557,618</u>

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Palms Sports PJSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the nine month period ended 30 September 2025

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Palms Sports PJSC

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine month period ended 30 September 2025

Notes	Nine month period ended 30 September		
	2025		2024
	AED	(Unaudited)	AED
OPERATING ACTIVITIES			
Profit for the period before tax		93,688,260	83,889,315
Adjustments for:			
Depreciation of property and equipment	4	6,519,610	6,693,663
Amortisation of intangible assets		4,556,162	4,594,961
Impairment of goodwill and intangible assets	19	2,786,760	-
Depreciation of right-of-use asset		3,672,529	3,115,796
(Gain) loss on disposal of property and equipment		(81,584)	67,095
Provision for slow moving inventories		301,372	-
Provision for employees' end of service benefits		20,608,982	18,192,956
Provision for expected credit losses		977,097	268,175
Reversal of impairment of investment in joint venture		(150,000)	-
Changes in fair value of investments carried at fair value through profit or loss	6	(6,779,832)	13,674,614
Share of profit of joint ventures	5	(1,026,705)	(152,290)
Finance income		(3,961,766)	(4,761,283)
Finance costs		<u>9,587,297</u>	<u>12,609,195</u>
		130,698,182	138,192,197
Working capital changes:			
Inventories		(220,401)	(1,660,428)
Trade and other receivables		(86,807,726)	18,062,697
Due from related parties		19,074,030	(23,644,725)
Trade and other payables		25,527,720	(27,482,715)
Due to related parties		(8,656,522)	(8,244,174)
Cash generated from operations		79,615,283	95,222,852
Employees' end of service benefits paid		(9,128,363)	(8,585,653)
Income taxes paid		(3,423,772)	-
Finance cost paid		<u>(9,071,831)</u>	<u>(11,993,003)</u>
Net cash generated from operating activities		<u>57,991,317</u>	<u>74,644,196</u>
INVESTING ACTIVITIES			
Movement in margin deposits and term deposits with original maturities more than three months		15,002,409	34,366,363
Purchase of property and equipment	4	(7,466,197)	(1,614,996)
Proceeds from sale of property and equipment		179,048	128,980
Finance income received		2,767,542	4,761,283
Net cash paid on acquisition of subsidiaries		(1,000,000)	(200,556)
Proceeds from disposal (purchase) of investment in financial assets at FVOCI		272,288	(433,568)
Loan to related parties, net		(4,000,000)	-
Purchase of investment in financial assets at amortised cost		-	(735,000)
Purchase of investment in financial assets at FVTPL		-	(2,627,284)
Net cash from investing activities		<u>5,755,090</u>	<u>33,645,222</u>
FINANCING ACTIVITIES			
Net repayment of bank borrowings		(117,074,400)	(8,000,000)
Repayment of lease liabilities		(4,813,071)	(4,387,798)
Dividends paid	9.1	<u>(50,001,000)</u>	<u>(100,000,500)</u>
Net cash used in financing activities		<u>(171,888,471)</u>	<u>(112,388,298)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD			
Cash and cash equivalents at beginning of the period		<u>241,262,102</u>	<u>131,978,219</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	<u>133,120,038</u>	<u>127,879,339</u>

The attached notes 1 to 21 form part of these interim condensed consolidated financial statement.

Palms Sports PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2025 (Unaudited)

1 GENERAL INFORMATION

Palms Sports PJSC (the “Company”) is a private joint stock Company incorporated in Abu Dhabi under the UAE Federal Law No. (2) of 2015. The address of its registered office is at P.O. Box 39877, Abu Dhabi, United Arab Emirates.

These interim condensed consolidated financial statements include the results of operations and financial position of the Company and its subsidiaries (together referred to as the “Group”). The Group’s principal activities are trading sports goods, providing sport enterprises investment, education services enterprise investment, security guards services, physiotherapy and sports injury rehabilitation.

International Holding Company PJSC is the Parent and Royal Group Holding LLC is the Ultimate Parent of the Company.

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 20 October 2025.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The interim condensed consolidated financial statements for the nine months ended 30 September 2025 have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024. In addition, results for the period ended 30 September 2025 are not necessarily indicative of the results that may be expected for the year ending 31 December 2025.

These interim condensed consolidated financial statements have been prepared on historical cost basis, except for investments carried at fair value through other comprehensive income and investments carried at fair value through profit or loss which are stated at fair value.

The interim condensed consolidated financial statements are presented in United Arab Emirates Dirham (AED), which is the presentation currency of the Group and the functional currency of the Company.

2.2 Basis of consolidation

The interim condensed consolidated financial statements of the Group comprise the financial information of the Company and its subsidiaries.

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 return.

2 BASIS OF PREPARATION continued

2.2 Basis of consolidation continued

When the Group has less than a majority of the voting or similar right of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

Non-controlling interest represent the portion of profit or loss and net assets of subsidiaries not owned directly or indirectly by the Parent Company. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the interim condensed consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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.

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.

Palms Sports PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2025 (Unaudited)

2 BASIS OF PREPARATION continued

2.2 Basis of consolidation continued

Details of the Company's subsidiaries as at 30 September 2025 and 31 December 2024 were as follows:

Name of subsidiary	Place of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
			30 September 2025	31 December 2024
Direct Trading LLC	United Arab Emirates	Distribution Company	60%	60%
Palms Sports Events LLC	United Arab Emirates	Dormant Company	100%	100%
Securiguard Middle East LLC	United Arab Emirates	Provision of security guards and cleaning services	100%	100%
Secure Recruitment Services Establishment LLC	United Arab Emirates	Provision of recruitment services	100%	100%
Secure Facilities General Maintenance LLC OPC	United Arab Emirates	Dormant Company	100%	100%
Securiguard parking management – sole proprietorship L.L.C.	United Arab Emirates	Dormant Company	100%	100%
YAS Physiotherapy Center - L.L.C.	United Arab Emirates	Physiology Treatment Centre	80%	80%
Neuronso Technology for AI Applications And Services Co. LLC	United Arab Emirates	Cyber Risk Management, Cyber Security Services and Electronic Chips Programming	51%	-
Palm Security Services – L.L.C – O.P.C	United Arab Emirates	Security and surveillance system installation and maintenance (Dormant Company)	100%	100%
Learn Educational Investment LLC	United Arab Emirates	Holding Company	100%	100%

Below are the subsidiaries of Learn Educational Investment LLC

Al Rabeeh Academy LLC	United Arab Emirates	Provision of education services	100%	100%
Al Rabeeh School LLC	United Arab Emirates	Provision of education services	100%	100%

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

3.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied by the Group in the preparation of the consolidated financial statements as at and for the year ended 31 December 2024, except for the adoption of 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 interim condensed consolidated financial statements of the Group.

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION continued

3.1 New standards, interpretations and amendments adopted by the Group continued

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applied starting the year ended December 2023. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2024.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions the Group operates. The legislation became effective for the Group's financial year beginning 1 January 2025. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited jurisdictions where the legislation has not been enacted or substantively enacted. The Group is in the process of assessing its exposure to the Pillar Two legislation and does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

IAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organisation for Economic Co-operating and Development (the "Pillar Two legislation"). It is unclear if the Pillar Two Model Rules create additional temporary differences with regards to deferred tax remeasurement and the Group has applied the temporary exception as at 30 September 2025.

3.2 Significant accounting estimates and judgements

The preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standards requires management to make judgment, estimates and assumptions that affect the application of accounting policies and reported amounts of financial assets and liabilities and the disclosure of contingent liabilities. These judgments, estimates and assumptions also affect the revenue, expenses, and provisions as well as fair value changes. Actual results may differ from these estimates.

These judgments, estimates and assumptions may affect the reported amounts in subsequent financial years. Estimates and judgments are currently evaluated and are based on historical experience and other factors.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied in the consolidated financial statements as at and for the year ended 31 December 2024.

4 PROPERTY AND EQUIPMENT

During the period, additions to property and equipment amounted to AED 7,466,197 (period ended 30 September 2024: AED 1,614,996) and depreciation charge for the period ended 30 September 2025 amounted to AED 6,519,610 (period ended 30 September 2024: AED 6,693,663). Assets with a net book value of AED 97,464 were disposed during the nine month period ended 30 September 2025 (30 September 2024: AED 61,885). Property and equipment acquired through business combination amounted to AED nil (2024: AED 52,544,093).

Palms Sports PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2025 (Unaudited)

5 INVESTMENT IN JOINT VENTURES

Details of the Group's investment in joint ventures is as follows:

Name of entity	Principal activities	Place of incorporation and operation	Ownership interest	
			30 September 2025	31 December 2024
Exceed Holding for Sports LLC	Sport enterprises investment, institution and management	UAE	50%	50%
AL Qudra Sports Management LLC	Sport enterprises investment, institution and management	UAE	50%	50%

Movement in investment in joint ventures is as follows:

	(Unaudited) 30 September 2025 AED	(Audited) 31 December 2024 AED
At the beginning of the period / year	5,358,953	4,981,729
Share of profit during the period / year	1,026,705	377,224
Reversal of impairment	150,000	-
At the end of the period / year	<u>6,535,658</u>	<u>5,358,953</u>

6 INVESTMENTS IN FINANCIAL ASSETS

	(Unaudited) 30 September 2025 AED	(Audited) 31 December 2024 AED
Investments carried at fair value through other comprehensive income (note 6.1)	9,788,317	12,535,126
Investments carried at fair value through profit or loss (note 6.2)	84,519,558	77,739,726
Investment carried at amortised cost (note 6.3)	17,492,572	16,298,346
	<u>111,800,447</u>	<u>106,573,198</u>

6.1 Investment carried at fair value through other comprehensive income

	(Unaudited) 30 September 2025 AED	(Audited) 31 December 2024 AED
Unquoted and inside the UAE	<u>9,788,317</u>	<u>12,535,126</u>

6 INVESTMENTS IN FINANCIAL ASSETS continued

6.1 Investment carried at fair value through other comprehensive income continued

The investment is in a fund created by a related party, against a total commitment of USD 5,000,000 (2024: USD 5,000,000). This investment in equity instrument is not held for trading. Instead, it is held for long-term strategic purpose. Accordingly, management of the Group has elected to designate the investment as equity instrument at FVTOCI, as they believe that recognising short-term fluctuations would not be consistent with the Group's strategy of holding the investment for long-term purposes and realising the performance potential in the long run.

The investments are recorded at fair value using the valuation techniques as disclosed in note 20. Movement in investment in financial assets carried at fair value through other comprehensive income is as follows:

	<i>(Unaudited)</i> <i>30 September</i> <i>2025</i> <i>AED</i>	<i>(Audited)</i> <i>31 December</i> <i>2024</i> <i>AED</i>
At the beginning of the period / year	12,535,126	16,588,173
Additions during the period / year	-	433,568
Disposal of investment during the period / year	(272,288)	-
Transferred to merger reserve on account of acquisition of subsidiary (note 18.2)	-	(293,982)
Changes in fair value during the period / year	(2,474,521)	(4,192,633)
At the end of the period / year	<u>9,788,317</u>	<u>12,535,126</u>

6.2 Investment carried at fair value through profit or loss

	<i>(Unaudited)</i> <i>30 September</i> <i>2025</i> <i>AED</i>	<i>(Audited)</i> <i>31 December</i> <i>2024</i> <i>AED</i>
Quoted and inside the UAE	71,031,979	58,031,955
Unquoted and outside the UAE	<u>13,487,579</u>	<u>19,707,771</u>
At the end of the period / year	<u>84,519,558</u>	<u>77,739,726</u>

These investments in equity instruments are held for trading with an intention of recognising short-term fluctuations in these investments.

The investments are recorded at fair value using the valuation techniques as disclosed in note 20. Movement in investment in financial assets carried at fair value through profit and loss is as follows:

	<i>(Unaudited)</i> <i>30 September</i> <i>2025</i> <i>AED</i>	<i>(Audited)</i> <i>31 December</i> <i>2024</i> <i>AED</i>
At the beginning of the period / year	77,739,726	94,246,300
Additions during the period / year	-	2,627,284
Changes in fair value during the period / year	<u>6,779,832</u>	<u>(19,133,858)</u>
At the end of the period / year	<u>84,519,558</u>	<u>77,739,726</u>

Palms Sports PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2025 (Unaudited)

6 INVESTMENTS IN FINANCIAL ASSETS continued

6.3 Investment carried at amortised cost

	(Unaudited) 30 September 2025 AED	(Audited) 31 December 2024 AED
Investment in debt instruments	<u>17,492,572</u>	<u>16,298,346</u>

These investments carry an interest ranging from 5% to 10% (2024: 5% to 10%). The interest earned on these investments amounted to AED 1,194,226 (30 September 2024: AED 1,064,618).

Classification of investments

	(Unaudited) 30 September 2025 AED	(Audited) 31 December 2024 AED
Non-current financial assets	27,280,889	28,833,472
Current financial assets	<u>84,519,558</u>	<u>77,739,726</u>
	<u>111,800,447</u>	<u>106,573,198</u>

7 TRADE AND OTHER RECEIVABLES

	(Unaudited) 30 September 2025 AED	(Audited) 31 December 2024 AED
Trade receivables	421,624,336	355,418,773
Less: allowance for expected credit losses	<u>(25,601,712)</u>	<u>(24,624,615)</u>
	<u>396,022,624</u>	<u>330,794,158</u>
Prepayments and deposits	43,948,767	53,627,197
Advances to suppliers	19,282,617	3,045,501
Other receivables	<u>28,382,321</u>	<u>14,338,844</u>
	<u>487,636,329</u>	<u>401,805,700</u>

Trade and other receivables as of 30 September 2025 are analysed in the consolidated statement of financial position as follows:

	(Unaudited) 30 September 2025 AED	(Audited) 31 December 2024 AED
Current portion	482,544,332	394,795,181
Non-current portion	<u>5,091,997</u>	<u>7,010,519</u>
	<u>487,636,329</u>	<u>401,805,700</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2025 (Unaudited)

7 TRADE AND OTHER RECEIVABLES continued

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

	(Unaudited) 30 September 2025 AED	(Audited) 31 December 2024 AED
At the beginning of the period / year	24,624,615	25,187,087
Acquired in business acquisitions	-	1,098,277
Provision (reversals) during the period / year, net	<u>977,097</u>	<u>(1,660,749)</u>
At the end of the period / year	<u>25,601,712</u>	<u>24,624,615</u>

8 CASH AND BANK BALANCES

	(Unaudited) 30 September 2025 AED	(Audited) 31 December 2024 AED
Cash on hand	850,969	868,948
Cash at bank - current account	<u>132,269,069</u>	<u>240,393,154</u>
Cash and cash equivalents	133,120,038	241,262,102
Fixed deposits with an original maturity of more than three months	<u>42,382,732</u>	<u>46,248,030</u>
	175,502,770	287,510,132
Margin deposits	7,612,485	18,749,596
Less: allowance for expected credit losses	<u>(70,239)</u>	<u>(70,239)</u>
Cash and bank balances	<u>183,045,016</u>	<u>306,189,489</u>

Fixed deposits comprise short term deposits placed with commercial banks bearing interest rates ranging from 0.15% per annum to 4.5% per annum (2024: from 1.5% per annum to 5% per annum).

9 SHARE CAPITAL

	(Unaudited) 30 September 2025 AED	(Audited) 31 December 2024 AED
<i>Authorised, issued and fully paid shares</i>		
150,000,000 ordinary shares of AED 1 each (2024: 150,000,000 ordinary shares of AED 1 each)	<u>150,000,000</u>	<u>150,000,000</u>

9.1 DIVIDENDS

During the period, the shareholders of the Company declared a dividend of AED 0.334 per share (2024: AED 0.667 per share) amounting to AED 50,001,000 (2024: AED 100,000,500) which was paid on 12 March 2025.

10 LEGAL RESERVE

In accordance with the Decree Law No. (32) of 2021, and the Company's Articles of Association, 10% of the profit for the year is transferred to legal reserve, which is non-distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the share capital of the Company.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2025 (Unaudited)

11 RELATED PARTY TRANSACTIONS AND BALANCES

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.

Related parties represent the associated companies, shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Terms and conditions of transactions with related parties

The Group enters into transactions with related parties at mutually agreed rates. Outstanding balances at the period-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

For the period ended 30 September 2025, the Group has recorded an impairment of receivables relating to amounts owed by related parties of AED 1,087,119 (2024: AED 1,087,119). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

11.1 Balances

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

Nature of relationship	(Unaudited) 30 September		(Audited) 31 December	
	2025 AED	2024 AED	2025 AED	2024 AED
Amounts due from related parties:				
Exceed Holding for Sports LLC	Subsidiary of a Joint Venture	21,298,775	17,898,254	
Rafed Healthcare Supplies L.L.C.	Other related party	10,391,417	7,174,069	
AD Ports ICP	Other related party	5,913,899	6,164,617	
Inspire Integrated Facilities Management LLC	Entities under common control	5,147,659	7,665,125	
Etihad Airways Group	Other related party	4,766,262	4,665,849	
Abu Dhabi National Exhibitions Company	Entities under common control	4,129,701	4,628,044	
Senaat - Emirates Steel	Other related party	3,404,821	3,344,259	
Aldar Properties PJSC	Entities under common control	3,057,705	3,057,705	
M42 Ltd	Other related party	2,800,004	1,760,284	
ZMS Companies Management LLC	Other related party	1,065,819	1,546,530	
Emirates Palace Hotel Abu Dhabi	Other related party	930,450	786,475	
TwoFour54 - FZ LLC	Entities under common control	874,886	1,373,067	
National Petroleum Construction Company	Entities under common control	797,119	-	
Trojan General Contracting and six construct Limited-Zayed National Museum	Other related party	667,796	374,590	
Senaat - Al Foah	Other related party	631,128	713,310	
800TEK Facilities Management LLC	Entities under common control	605,106	605,106	
Tourism Development & Investment Company	Other related party	600,146	501,362	
The Private Affairs Department of Sheikha Fatima	Other related party	584,735	321,012	
G42 Cloud Technology LLC	Other related party	571,150	251,517	
Khidmah - Sole Proprietorship LLC	Entities under common control	515,529	515,529	
Pure C S It Infrastructure LLC	Other related party	505,272	-	
Abu Dhabi United Hospitality – Sole Proprietorship L.L.C.	Entities under common control	460,026	298,596	
St. Regis Saadiyat Island Resort Abu Dhabi	Entities under common control	375,612	289,642	
Global Aerospace Logistics	Other related party	335,194	677,392	
International Holding Company PJSC	Parent Company	-	20,000,000	
Others		4,014,356	8,906,263	
Provision for expected credit losses		(1,087,119)	(1,087,119)	
		73,357,448	92,431,478	

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2025 (Unaudited)

11 RELATED PARTY TRANSACTIONS AND BALANCES continued

11.1 Balances continued

Loans to related parties:

	<i>Nature of relationship</i>	(Unaudited) 30 September 2025 AED	(Audited) 31 December 2024 AED
		<u>8,300,000</u>	<u>4,300,000</u>
Pyxis Events Sole Proprietorship LLC	Subsidiary of a Joint Venture	<u>8,300,000</u>	<u>4,300,000</u>

During 2024, the Company provided a loan amounting to AED 4,300,000 which is repayable in one year and carries an interest rate of 6.25% per annum, AED 1,000,000 repayment was received to the Company during the period.

During the period, the Company further provided a loan amounting to AED 5,000,000 which is repayable in one year and carries an interest rate of 7.5% per annum.

	<i>Nature of relationship</i>	(Unaudited) 30 September 2025 AED	(Audited) 31 December 2024 AED
		<u>153,750,657</u>	<u>142,408,222</u>
Balances with a financial institution	Other related party	<u>153,750,657</u>	<u>142,408,222</u>
	<i>Nature of relationship</i>	(Unaudited) 30 September 2025 AED	(Audited) 31 December 2024 AED

Investments in financial assets:

Multiply Group P.J.S.C	Entity under common control	43,722,750	31,101,750
Chimera Global Fund I LP	Other related party	9,788,317	12,535,126
Invictus Investment Company PLC	Other related party	2,835,000	2,910,000
Pure Health Holding PJSC	Other related party	2,636,250	3,080,250
Presight AI Holding PLC	Other related party	2,349,399	1,501,005
NMDC Energy P.J.S.C.	Other related party	2,019,750	2,343,908
Burjeel Holdings PLC	Other related party	<u>866,623</u>	<u>1,316,730</u>
		<u>64,218,089</u>	<u>54,788,769</u>

Amounts due to related parties:

International Holding Company PJSC	Parent Company	10,372,567	158,236
Abu Dhabi National Exhibitions Company (ADNEC)	Entity under common control	452,315	-
Khidmah - Sole Proprietorship LLC	Entity under common control	406,410	406,410
Response Plus Medical Services LLC	Entity under common control	186,491	34,856
Capital Medical Centre for Health Screening - Sole Proprietorship LLC	Entity under common control	143,850	117,500
National Health Insurance Company (Daman) PJSC	Entity under common control	-	8,981,403
Others		<u>188,433</u>	<u>335,616</u>
		<u>11,750,066</u>	<u>10,034,021</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2025 (Unaudited)

11 RELATED PARTY TRANSACTIONS AND BALANCES continued

11.2 Transactions

During the period, the Group entered into the following significant transactions with related parties:

	(Unaudited) Three months ended		(Unaudited) Nine months ended	
	30 September		30 September	
	2025 AED	2024 AED	2025 AED	2024 AED
<i>Transactions with other related parties:</i>				
Revenue	34,327,440	25,460,638	98,371,825	78,871,124
Purchases of goods and services	3,551,710	3,779,026	9,485,612	8,563,172
Interest income on bank deposits	490,796	1,676,230	1,932,173	2,604,566
Interest income on loan to a related party	147,309	-	301,276	-
Finance income	684,377	2,451,448	2,002,309	4,119,702
Dividend income	-	-	440,635	68,665

11.3 Transactions with key management personnel

	(Unaudited) Three months ended		(Unaudited) Nine months ended	
	30 September		30 September	
	2025 AED	2024 AED	2025 AED	2024 AED
Salaries and short-term benefits	618,750	766,083	1,856,250	2,445,583
	<u>618,750</u>	<u>766,083</u>	<u>1,856,250</u>	<u>2,445,583</u>

Transactions with related parties were entered into on terms agreed with management.

12 CONTINGENT LIABILITIES

	(Unaudited) 30 September		(Audited) 31 December	
	2025 AED		2024 AED	
	2025 AED	2024 AED	2025 AED	2024 AED
Bank guarantees		246,534,817		193,814,911
Others		<u>7,686,549</u>		<u>7,686,549</u>

The above bank guarantees have been issued from a local bank in the ordinary course of business on which the bank charges a fee of 1% per annum (31 December 2024: 1% per annum).

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2025 (Unaudited)

13 BANK BORROWINGS

	(Unaudited) 30 September 2025 AED	(Audited) 31 December 2024 AED
Term loan 1	90,000,000	120,000,000
Term loan 2	-	55,000,000
Term loan 3	29,167,000	35,000,000
Term loan 4	-	26,241,400
	<u>119,167,000</u>	<u>236,241,400</u>

Disclosed in the interim consolidated statement of financial position as follows:

	(Unaudited) 30 September 2025 AED	(Audited) 31 December 2024 AED
Current	41,666,000	78,908,067
Non-current	<u>77,501,000</u>	<u>157,333,333</u>
	<u>119,167,000</u>	<u>236,241,400</u>

Term loan 1

During the year 2023, the Group obtained a loan amounting to AED 150,000,000 to finance the acquisition of a subsidiary, Securiguard Middle East LLC. The principal portion of the facility is repayable in five annual instalments with last payment due 30 September 2028. The loan carries an interest charged at the aggregate of 3 months EIBOR plus 1.25% spread per annum.

Term loan 2

During 2024, the Group obtained a new loan amounting to AED 55,000,000. The principal portion of the facility is repayable in five annual instalments with last payment due on 5 November 2029. The loan carries an interest charged at the aggregate of 3 months EIBOR plus 1.25% spread per annum. The Group settled the loan early on 13 January 2025.

Term loan 3

During 2024, a subsidiary of the Group obtained a new loan amounting to AED 35,000,000 to finance the working capital of the subsidiary. The principal portion of the facility is repayable in six equal instalments with the last payment due on 31 October 2027. The loan carries an interest charged at the aggregate of 3 months EIBOR plus 1.25% spread per annum.

Term loan 4

The term loan is obtained by a subsidiary of the Group. The loan is repayable in 16 instalments commencing from 30 June 2020 with final repayment due on 30 June 2027. The loan carries an interest charged at the aggregate of 3 months EIBOR plus 3.5% spread minimum of 5% per annum. The Group settled the loan early on 7 January 2025.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2025 (Unaudited)

14 REVENUE FROM CONTRACTS WITH CUSTOMERS

	(Unaudited) Three months ended		(Unaudited) Nine months ended	
	30 September		30 September	
	2025 AED	2024 AED	2025 AED	2024 AED
Types of goods or service				
Coaching and training services	113,655,766	97,741,316	331,185,624	286,474,521
Income from guarding and equipment services	149,811,616	141,018,141	450,910,706	421,467,159
Income from educational services	17,563,051	15,435,404	50,747,016	44,409,534
Sale of material	2,475,661	3,180,239	5,290,976	16,812,576
Physiotherapy services	664,575	547,352	1,993,582	714,704
Other services	618,994	—	1,801,264	—
	284,789,663	257,922,452	841,929,168	769,878,494
Geographical markets				
United Arab Emirates	284,348,963	257,334,852	840,753,968	766,738,344
Other Gulf countries	—	587,600	—	3,140,150
United States of America	440,700	—	1,175,200	—
	284,789,663	257,922,452	841,929,168	769,878,494
Timing of revenue recognition				
Revenue over time	281,649,427	254,194,861	834,644,610	752,351,214
Revenue at a point in time	3,140,236	3,727,591	7,284,558	17,527,280
	284,789,663	257,922,452	841,929,168	769,878,494

15 BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the total profit for the period of the Group by the weighted average number of shares in issue throughout the period as follows:

	(Unaudited) Three months ended		(Unaudited) Nine months ended	
	30 September		30 September	
	2025 AED	2024 AED	2025 AED	2024 AED
Profit attributable to the owners of the Company (AED)	38,840,415	38,639,524	84,244,681	76,976,386
Weighted average number of shares (shares)	150,000,000	150,000,000	150,000,000	150,000,000
Basic earnings per share for the period (AED)	0.26	0.26	0.56	0.51

As of 30 September 2025, the Group has not issued any dilutive instruments that have an impact on earnings per share when exercised.

16 SEGMENT REPORTING

Segments were identified based on the Group's internal reporting and how the Chief Operating Decision Maker ("CODM") assesses the performance of the business. The Group has two reportable segments listed below.

Income from guarding and cleaning services includes provision of services of security guards and onshore and offshore oil cleaning services to its customer.

Income from coaching and training services includes providing specialized sports training services with regards to Jiu-Jitsu, mixed martial arts and combat sports and provision of education.

Others include providing educational services, management of educational institutes, and physiotherapy treatment services.

The Chief Operating Decision Makers (CODM) monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the interim condensed consolidated financial statements.

	<i>Coaching and training AED</i>	<i>Guarding and cleaning AED</i>	<i>Others AED</i>	<i>Unallocated AED</i>	<i>Total AED</i>
<i>30 September 2025</i>					
Revenue from contracts with customers	331,185,624	450,910,706	59,832,838	-	841,929,168
Cost of sales	(223,671,577)	(432,084,676)	(42,860,448)	-	(698,616,701)
Gross profit	107,514,047	18,826,030	16,972,390	-	143,312,467
Profit (loss) for the period before tax	81,455,896	4,852,844	(2,263,766)	9,643,286	93,688,260
Segment assets	351,501,767	408,844,932	122,867,134	176,342,830	1,059,556,663
Segment liabilities	92,851,466	168,566,651	96,522,079	94,892,084	452,832,280
<i>30 September 2024</i>					
Revenue from contracts with customers	303,287,097	421,467,159	45,124,238	-	769,878,494
Cost of sales	(197,789,892)	(393,546,442)	(33,821,598)	-	(625,157,932)
Gross profit	105,497,205	27,920,717	11,302,640	-	144,720,562
Profit for the year before tax	79,255,960	21,461,721	(3,651,569)	(13,176,797)	83,889,315
<i>31 December 2024</i>					
Segment assets	470,078,128	400,456,366	110,790,826	130,556,813	1,111,882,133
Segment liabilities	82,205,467	162,245,976	112,246,315	179,763,358	536,461,116

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2025 (Unaudited)

17 INCOME TAX

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	(Unaudited) Three months ended		(Unaudited) Nine months ended	
	30 September		30 September	
	2025 AED	2024 AED	2025 AED	2024 AED
Current tax expense	3,361,052	3,601,943	8,663,130	9,763,296
Domestic minimum top-up tax	1,049,808	-	1,853,023	-
Deferred tax expense (income)	<u>256,076</u>	<u>114,189</u>	<u>(384,073)</u>	<u>(2,631,534)</u>
Income tax expense recognized in the consolidated statement of profit or loss	<u>4,666,936</u>	<u>3,716,132</u>	<u>10,132,080</u>	<u>7,131,762</u>

Deferred tax related to items recognised in OCI during the period:

	(Unaudited) Three months ended		(Unaudited) Nine months ended	
	30 September		30 September	
	2025 AED	2024 AED	2025 AED	2024 AED
Deferred tax expense (income) credited to OCI	37,869	-	(222,707)	-

Income tax payable

The movement in the income tax payable is as follows:

	(Unaudited) 30 September		(Audited) 31 December	
	2025 AED		2024 AED	
	2025 AED	2024 AED	2025 AED	2024 AED
At 1 January	13,723,980	-	-	-
Charge for the period / year	10,516,153	13,723,980	-	-
Transferred to parent company towards utilisation of its tax losses	(10,372,567)	-	-	-
Payment made during the period / year	<u>(3,423,772)</u>	-	-	-
At 30 September 2025 / 31 December 2024	<u>10,443,794</u>	<u>13,723,980</u>		

Deferred tax liabilities

	(30 September 2025 AED)		(31 December 2024 AED)	
	2025 AED	2024 AED	2025 AED	2024 AED
	2025 AED	2024 AED	2025 AED	2024 AED
At 1 January	4,644,137	-	-	-
(Reversal) charge for the period / year	<u>(606,780)</u>	-	<u>4,644,137</u>	-
At 30 September 2025 / 31 December 2024	<u>4,037,357</u>	<u>4,644,137</u>		

18 BUSINESS ACQUISITIONS

18.1 Business combination during the period

During 2025, the Group acquired the following entity, which was accounted for using the acquisition method under IFRS 3 Business Combination:

Neuronso Technology for AI Applications and Services Co. L.L.C.

Effective 16 January 2025, the Group acquired a 51% interest in Neuronso Technology for AI Applications and Services Co. L.L.C. ("Neuronso") for a consideration amounting to of AED 1,000,000. Neuronso is based in the Emirate of Dubai and is specialized in Cyber Risk Management Services, IT Infrastructure, Electronic chip Programming. From the date of acquisition, Neuronso Technology for AI Applications L.L.C has contributed nil revenue and loss amounting to AED 585,844 to the Group.

At the date of acquisition Neuronso Technology for AI Applications L.L.C did not have any assets and liabilities, hence the purchase price was allocated as goodwill.

Proportionate share of identifiable assets acquired	<u>1,000,000</u>
Goodwill arising at acquisition	<u>1,000,000</u>

Purchase consideration

The net assets recognised for Neuronso Technology for AI Applications L.L.C. are based on the assessment of their fair values as at the acquisition date. The purchase price is allocated on a provisional basis. The purchase consideration has been paid on 3 February 2025.

Analysis of cashflows on acquisition:

Cash paid for acquisition	<u>1,000,000</u>
Net cash acquired on business combination	<u>—</u>

Acquisition of operating business – net of cash acquired (included in cash flows from investing activities)	<u>1,000,000</u>
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18.2 Business combination under common control during the prior year

Learn Educational Investment LLC

Effective 3 January 2024, the Group acquired a 100% interest in Learn Educational Investment LLC OPC for a total consideration of AED nil. 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 Company and the acquired entity is ultimately controlled by the same party before and after the 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 acquired entities from the date of acquisition. From the date of acquisition to 31 December 2024, Learn Educational Investment LLC contributed revenue and loss to the Group amounting to AED 61,590,168 and AED 2,734,079 respectively. As a result of this acquisition the Group derecognized its investments in Al Rabeeh School and Al Rabeeh Academy, subsidiaries of Learn Educational Investment LLC OPC, with a corresponding adjustment to additional capital contribution and cumulative changes in fair value in the consolidated statement of changes in equity. Both investments were contributed to the Group by its Ultimate parent.

Palms Sports PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2025 (Unaudited)

18 BUSINESS ACQUISITIONS continued

18.2 Business combination under common control during the prior year continued

Assets acquired and liabilities assumed

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

	2024 AED
Assets	
Property and equipment	51,980,548
Due from related parties	3,000
Right-of-use asset	4,515,407
Trade and other receivables	10,287,367
Cash and bank balances	<u>2,143,611</u>
Total assets*	<u>68,929,933</u>
<i>*includes intangibles cost AED 594,304 with nil book value</i>	
Liabilities	
Provision for employees' end of service benefits	3,794,579
Lease liabilities	4,151,504
Due to related parties	3,033,357
Trade and other payables	20,083,904
Bank borrowing	<u>39,241,400</u>
Total liabilities	<u>70,304,744</u>
Total identifiable net assets at fair value	<u>(1,374,811)</u>

18.3 Business combination during the prior year

During the prior year, the Group acquired the following entity, which was accounted for using the acquisition method under IFRS 3 Business Combinations:

Yas Physiotherapy Center L.L.C

Effective 15 May 2024, the Group acquired a 80% interest in Yas Physiotherapy Center L.L.C for a total consideration of AED 2,000,000. From the date of acquisition to 31 December 2024, Yas Physiotherapy Center L.L.C contributed revenue and loss to the Group amounting to AED 1,273,076 and AED 707,093 respectively.

	2024 AED
Assets	
Property and equipment	563,545
Trade and other receivables	780,255
Cash and bank balances	<u>128,168</u>
Total assets	<u>1,471,968</u>
Liabilities	
Provision for employees' end of service benefits	43,326
Trade and other payables	<u>111,804</u>
Total liabilities	<u>155,130</u>
Total identifiable net assets at fair value	
Proportionate share of identifiable assets acquired	1,053,470
Goodwill arising at acquisition	<u>946,530</u>
Purchase consideration	<u>2,000,000</u>

18 BUSINESS ACQUISITIONS continued

18.3 Business combination during the prior year continued

Yas Physiotherapy Center L.L.C continued

The net assets recognized for Yas Physiotherapy Center L.L.C are based on the assessment of their fair value as at the acquisition date. The purchase consideration has been paid on 6 August 2024.

	2024 AED
Non-controlling interest	<u>263,368</u>
Analysis of cashflows on acquisition:	
Cash paid for acquisition	2,000,000
Net cash acquired on business combination	<u>(128,168)</u>
Acquisition of operating business – net of cash acquired (included in cash flows from investing activities)	<u>1,871,832</u>

19 IMPAIRMENTS ON INTANGIBLE ASSETS AND GOODWILL

During the period, management conducted a preliminary review of goodwill and certain intangible assets in response to historical losses incurred during the current and prior year. Based on this review, management concluded that goodwill allocated to certain cash-generating units is impaired, as the carrying amounts exceed their recoverable amounts. The impairment loss recognized amounts to AED 2,786,760 (2024: nil).

20 FAIR VALUES OF FINANCIAL INSTRUMENTS

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. All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial statements are categorised 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.

20 FAIR VALUES OF FINANCIAL INSTRUMENTS continued

The following table gives information about how the fair value of the Group's assets are determined.

<i>Financial assets</i>	<i>Fair value as at</i>		<i>Fair value hierarchy</i>	<i>Valuation techniques and key inputs</i>	<i>Significant unobservable input</i>	<i>Relationship of unobservable inputs to fair value</i>
	<i>30 September 2025 AED</i>	<i>31 December 2024 AED</i>				
Quoted equity investments – investment in financial assets	71,031,979	58,031,955	Level 1	Quoted bid prices in an active market	None	Not applicable
Unquoted equity investments – investment in financial assets	13,487,579	19,707,771	Level 3	Net assets value - Discounted cash flow method and latest transaction price of underlying investments	Unquoted investments	Higher long term growth rate for cashflows for subsequent years, higher the fair value. Higher WACC and discount rate, lower the fair value
Unquoted equity investments – investment in financial assets	9,788,317	12,535,126	Level 3	Net assets value - Discounted cash flow method and latest transaction price of underlying investments	Unquoted investments	Higher long term growth rate for cashflows for subsequent years, higher the fair value. Higher WACC and discount rate, lower the fair value

There were no transfers between each of levels during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

21 SEASONALITY OF RESULTS

The nature of Group's business is such that the income and expenditure are incurred in a manner, which is not impacted by any forms of seasonality. These interim condensed consolidated financial statements were prepared based upon the accrual concept, which requires income and expenses to be recorded as earned or incurred and not as received or paid throughout the period.