

National Corporation for Tourism and Hotels

**Reports and consolidated financial statements
for the year ended 31 December 2024**

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Reports and consolidated financial statements for the year ended 31 December 2024

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To All Esteemed Shareholders

Dear Sirs,

It is my honor, and my colleagues, members of the Board of Directors, to express our thanks and appreciation to H.H. Sheikh Mohamed Bin Zayed Al Nahyan, President of the United Arab Emirates, for the unlimited support and assistance to us in all fields.

For the year 2024, National Corporation for Tourism and Hotels ("NCTH" or the "Corporation") reported total revenues of AED 698.56 Million compared to AED 669.20 Million in the past year 2023, showing an increase of AED 29.35 Million or 4.39%. The Hotel Division performed better this year compared to last year increasing their revenue by AED 28.91 Million or 14.82% and Retail Division revenue increased by AED 4.24 Million or 8.61%. Meanwhile, Catering Division revenue slightly decreased by AED 3.84 Million or 0.89%.

Net profit before income tax expense for the year 2024 was AED 79.98 Million, which is an improvement of AED 11.90 Million or 17.48% increase from AED 68.08 Million in 2023. The corporate income tax expense for 2024 was AED 5.95 Million resulting in net profit after tax of AED 74.03 Million, there was no income tax expense recorded in 2023.

Hotel Division profit before income tax grew to AED 28.54 Million from AED 27.51 Million last year, or a 3.72% increase which can be attributed to general improvement in room rate and occupancy percentage, as well as improvement of performance from Jebel Dhanna, Dhafra Beach and Danat Al Ain and the first full year operation of Intercontinental Residences Abu Dhabi.

Retail Division's profit before income tax in 2024 was up by AED 2.47 million or 36.57% compared to last year. The Corporation continues its efforts to improve the division's performance with focus on growing the number of retail outlets and expanding its hotels sales.

المؤسسة الوطنية للسياحة والفنادق
National Corporation for Tourism and Hotels

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The Catering Division profit before income tax for the year 2024 has declined compared to 2023 by AED 1.82 Million or 3.30% compared to last year. The Catering Division objective is directed towards competing and providing services in new sectors and markets across the UAE including the healthcare and correctional sectors.

In terms of liquidity, the Corporation has shown an increase in its cash balance and short-term deposits compared to last year from AED 358.49 Million to AED 433.51 Million this year. The increase can be mainly attributed to improved cash flow from operations and reduced capital expenditure compared to last year. The Corporation is still maintaining a good level of cash and short-term deposits that contributed to AED 15.44 Million in interest income in 2024, and all this while meeting the financing obligations of the Corporation during the year. The Corporation's strong liquidity continues to support its position to pursue new project developments and investment opportunities as they arise.

The residential apartments in ADNEC have maintained good occupancy levels during the year while the serviced apartments have started its soft operations and began accepting guests in the last quarter of 2024. We are confident in the strength of our country's economy, and we believe that the existing asset portfolio of the Corporation along with the completion of the acquisition of new assets, will continue to strengthen the Corporation's position in the Abu Dhabi hotel & residential properties market in the medium and long terms and will improved the profitability of the Corporation and allow the Corporation to remain competitive.

On behalf of my colleagues, the members of the Board of Directors, I would like to thank the shareholders for their support and trust, all the public and private establishments as well as the management and employees of the Corporation for their efforts.

Thanks & regards,

Tareq Abdulraheem Ahmed Rashed Al Hosani
Chairman of the Board

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National Corporation for Tourism and Hotels

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL CORPORATION FOR TOURISM AND HOTELS

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of National Corporation for Tourism and Hotels (the "Company") and its subsidiaries (together, the "Corporation" or "Group"), which comprise the consolidated statement of financial position as at 31 December 2024 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 Corporation as at 31 December 2024, 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 Corporation in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Corporation 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 judgement, were of most significance in our audit of consolidated financial statements of the current period. These matters were discussed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF NATIONAL CORPORATION FOR TOURISM AND HOTELS
(continued)**

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Impairment of hotel property</p> <p>Property and equipment, which is carried in the consolidated statement of financial position at AED 1.96 billion, includes a hotel property of AED 1.67 billion as at 31 December 2024. This represented 58% of total assets at this date.</p> <p>The Corporation conducts a detailed impairment assessment of its significant properties whenever there are indications that a property may be impaired. The current economic and competitive environment in the United Arab Emirates has continued to exert pressure on hotel room rates and occupancy levels. Additionally, the Gross Floor Area related to a plot of land is currently underutilized. These are considered to be indicators of impairment.</p> <p>IFRS Accounting Standards requires that the recoverable amount of an asset be determined when an indicator of impairment is identified. The recoverable amount of an asset is defined as the higher of the asset's value in use and fair value, less costs to sell. Any excess of the carrying amount over the recoverable amount is recognised in profit or loss as an impairment charge. No impairment charge was recognised during the year.</p> <p>Management engaged an external expert to determine the fair value of the hotel property which was used as an input into the determination of the recoverable amount.</p> <p>The determination of the recoverable amount of the hotel property requires management to apply significant judgements and make significant estimates. These include the forecast of discounted future cash flows and the assessment of discount rates.</p> <p>The determination of the recoverable amount of the hotel property is considered to be a key audit matter given the level of judgements applied and estimates made by management in determining this amount and the audit effort required to audit this determination.</p> <p>Refer to note 5 of the consolidated financial statements, which explains the critical judgments and estimates used in revaluing the plots of land and note 6 which explains the valuation methodology used by the Corporation.</p>	<p>We performed the following procedures, inter alia, in respect of the key audit matter.:</p> <ul style="list-style-type: none"> • We obtained an understanding of the process implemented by the Corporation to determine the recoverable amount of the hotel property, including the key controls in this process. • We assessed the abovementioned controls to determine if they had been appropriately designed and implemented. • We assessed the external expert's skills, objectivity, competence and independence and read their terms of engagement with the Corporation to determine if the scope of their work was sufficient for audit purposes. • On a sample basis, we tested the data provided to the external expert by the Corporation and assessed the valuation methodology and estimates employed by the external expert. • We utilised our internal specialists to assist us in determining that the methodology used to determine the recoverable amount was in accordance with the requirements of IFRS Accounting Standards and the estimates used were reasonable in the circumstances. • We performed sensitivity analyses on the significant estimates to evaluate the extent of the impact on the recoverable amount of changes in key estimates . • We reperformed the arithmetical accuracy of the determination of the recoverable amount. • We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF NATIONAL CORPORATION FOR TOURISM AND HOTELS
(continued)**

Other Matter

The consolidated financial statements of the Corporation for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 5 March 2024.

Other Information

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

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

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

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

When we will read the Corporation Annual Report, if we conclude that there is a material misstatement therein, we will be required to communicate the matter to those charged with governance and consider whether a reportable irregularity exists in terms of the auditing standards, which must be reported.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB and their preparation in compliance with the Articles of Association of the Company, applicable provisions of UAE Federal Decree Law No. (32) of 2021, 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 Corporation 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 Corporation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation financial reporting process.



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF NATIONAL CORPORATION FOR TOURISM AND HOTELS
(continued)**

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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' 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 Corporation 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 auditors' report. However, future events or conditions may cause the Corporation 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; and
- 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 Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with 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, related safeguards.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF NATIONAL CORPORATION FOR TOURISM AND HOTELS
(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 and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2024:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements of the Corporation have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- The Company has maintained proper books of account;
- The financial information included in the Chairman's Report is consistent with the Corporation books of account;
- Note 8 to the consolidated financial statements discloses the purchases and investments in shares made by the Corporation during the financial year ended 31 December 2024;
- Note 18 to the consolidated financial statements of the Corporation discloses material related party balances, transactions and the terms under which they were conducted;
- 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 2024 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or of its Articles of Association which would materially affect its activities or its consolidated financial position as at 31 December 2024; and
- Note 19 reflects the disclosures relating to social contributions made during the year.

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration No. 717
25 February 2025
Abu Dhabi
United Arab Emirates

NATIONAL CORPORATION FOR TOURISM AND HOTELS


Consolidated statement of financial position as at 31 December

	Notes	2024 AED	2023 AED
ASSETS			
Non-current assets			
Property and equipment	6	1,958,824,658	1,981,535,760
Investment in joint ventures	7	318,053,622	288,566,221
Total non-current assets		2,276,878,280	2,270,101,981
Current assets			
Financial assets at fair value through profit or loss	8	24,328,882	26,134,090
Inventories	9	21,091,174	22,749,567
Trade and other receivables	10	151,074,209	170,395,594
Short term deposits	11	266,986,436	239,076,349
Cash and cash equivalents	11	166,518,598	119,416,972
Total current assets		629,999,299	577,772,572
Total assets		2,906,877,579	2,847,874,553
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	899,026,128	899,026,128
Statutory reserve	13	211,455,780	204,052,397
General reserve	13	9,321,245	6,493,970
Properties revaluation reserve	13	1,162,925,000	1,162,925,000
Retained earnings / (accumulated losses)		46,977,265	(19,653,182)
Net/total equity		2,329,705,418	2,252,844,313
LIABILITIES			
Non-current liabilities			
Term loans	14	317,418,755	350,749,437
Provision for employees' end of service benefits	15	34,813,232	30,720,750
Lease liabilities	16	209,676	254,424
Total non-current liabilities		352,441,663	381,724,611
Current liabilities			
Trade and other payables	17	168,750,482	177,564,641
Term loans	14	49,972,145	35,679,120
Income tax payable	25	5,946,003	-
Lease liabilities	16	61,868	61,868
Total current liabilities		224,730,498	213,305,629
Total liabilities		577,172,161	595,030,240
Total equity and liabilities		2,906,877,579	2,847,874,553

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements present fairly in all material respects the consolidated financial position, financial performance and cash flows of the Group.



.....
Chairman



.....
Chief Executive Officer



.....
Finance Director

The accompanying notes form an integral part of these consolidated financial statements.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Consolidated statement of profit or loss for the year ended 31 December

	Notes	2024 AED	2023 AED
Revenue	26	698,557,774	669,204,476
Direct operating expenses	26	(598,713,888)	(572,585,578)
Gross profit		99,843,886	96,618,898
General and administrative expenses	19	(23,246,105)	(24,843,499)
Share of results of joint ventures accounted for using the equity method	7	12,586,918	4,774,913
Fair value losses on financial assets at fair value through profit or loss	8	(1,805,208)	(6,814,767)
Net reversal of impairment losses on financial assets	10	119,429	79,352
Other income	20	6,606,078	5,657,968
Operating profit		94,104,998	75,472,865
Interest income	11	15,444,807	12,583,078
Finance costs	21	(29,569,972)	(19,974,359)
Finance costs – net		(14,125,165)	(7,391,281)
Profit before income tax		79,979,833	68,081,584
Income tax expense	25	(5,946,003)	-
Profit for the year		74,033,830	68,081,584
Basic and diluted earnings per share	22	0.08	0.08

The accompanying notes form an integral part of these consolidated financial statements.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Consolidated statement of comprehensive income for the year ended 31 December

	Notes	2024 AED	2023 AED
Profit for the year		74,033,830	68,081,584
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation of land	6	-	7,615,000
Total comprehensive income for the year		<u>74,033,830</u>	<u>75,696,584</u>

The accompanying notes form an integral part of these consolidated financial statements.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Consolidated statement of changes in equity for the year ended 31 December

	Share capital AED	Statutory reserve AED	General reserve AED	Properties revaluation reserve AED	Retained earnings / (accumulated losses) AED	Net/total equity AED
At 1 January 2023	817,296,480	197,244,239	15,000,000	1,155,310,000	6,560,845	2,191,411,564
Profit for the year	-	-	-	-	68,081,584	68,081,584
Other comprehensive income for the year	-	-	-	7,615,000	-	7,615,000
Total comprehensive income for the year	-	-	-	7,615,000	68,081,584	75,696,584
Bonus shares issued (note 23)	81,729,648	-	-	-	(81,729,648)	-
Directors' remuneration paid (note 24)	-	-	-	-	(5,757,805)	(5,757,805)
Release of reserve	-	-	(8,506,030)	-	8,506,030	-
Transfer of unclaimed dividends	-	-	-	-	(8,506,030)	(8,506,030)
Transfer to statutory reserve (note 13)	-	6,808,158	-	-	(6,808,158)	-
At 31 December 2023	899,026,128	204,052,397	6,493,970	1,162,925,000	(19,653,182)	2,252,844,313
At 1 January 2024	899,026,128	204,052,397	6,493,970	1,162,925,000	(19,653,182)	2,252,844,313
Profit for the year	-	-	-	-	74,033,830	74,033,830
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	74,033,830	74,033,830
Transfer to reserve (note 17)	-	-	2,827,275	-	-	2,827,275
Transfer to statutory reserve (note 13)	-	7,403,383	-	-	(7,403,383)	-
At 31 December 2024	899,026,128	211,455,780	9,321,245	1,162,925,000	46,977,265	2,329,705,418

The accompanying notes form an integral part of these consolidated financial statements.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Consolidated statement of cash flows for the year ended 31 December

	Notes	2024 AED	2023 AED
Cash flows from operating activities			
Profit before income tax		79,979,833	68,081,584
Adjustments for:			
Depreciation of property and equipment	6	38,444,035	28,176,682
Interest income	11	(15,444,807)	(12,583,078)
Provision for employees' end of service benefits	15	7,375,666	8,986,601
Finance costs	21	29,569,972	19,974,359
Net reversal of impairment losses on financial assets	10	(119,429)	(79,352)
Share of results of joint ventures accounted for using the equity method	7	(12,586,918)	(4,774,913)
Fair value losses on financial assets at fair value through profit or loss	8	1,805,208	6,814,767
Gain on sale of property and equipment	20	(156,916)	(844,848)
Dividend income	20	(1,122,123)	(1,701,151)
Operating cash flows before payment of employees' end of service benefits and changes in working capital		127,744,521	112,050,651
Employees' end of service benefits paid	15	(3,283,184)	(17,220,025)
Changes in working capital:			
Inventories		1,658,393	2,651,764
Trade and other receivables		14,626,207	(4,706,394)
Trade and other payables		(5,938,076)	(39,880,303)
Net cash generated from operating activities		134,807,861	52,895,693
Cash flows from investing activities			
Net placement of deposits with original maturity of more than three months		(27,910,087)	(36,498,281)
Purchase of property and equipment		(15,838,916)	(41,727,625)
Proceeds from sale of property and equipment		262,899	1,191,380
Purchase of financial assets at fair value through profit or loss	8	-	(2,388,956)
Interest income received		20,259,414	8,647,667
Payments for additional investment in joint venture	7	(17,900,483)	(19,229,470)
Dividend received	20	1,122,123	1,701,151
Dividend received from joint venture	7	1,000,000	-
Net cash used in investing activities		(39,005,050)	(88,304,134)

The accompanying notes form an integral part of these consolidated financial statements.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Consolidated statement of cash flows (continued) for the year ended 31 December

	Notes	2024 AED	2023 AED
Cash flows from financing activities			
Receipt of term loans	14	15,751,097	25,526,878
Repayment of term loans	14	(35,679,119)	(27,933,119)
Directors' remuneration paid		-	(5,757,805)
Transfer of unclaimed dividends		-	(5,678,755)
Finance costs paid		(28,711,295)	(18,387,345)
Principal elements of lease payments	16	(44,748)	(42,061)
Finance cost on lease liabilities	16	(17,120)	(19,807)
Net cash used in financing activities		<u>(48,701,185)</u>	<u>(32,292,014)</u>
Net increase/(decrease) in cash and cash equivalents		47,101,626	(67,700,455)
Cash and cash equivalents at the beginning of the year	11	119,416,972	187,117,427
Cash and cash equivalents at the end of the year	11	<u>166,518,598</u>	<u>119,416,972</u>
Non-cash transactions:			
Accrual for purchase of property and equipment		-	2,153,383
Bonus shares issued		-	81,729,648

The accompanying notes form an integral part of these consolidated financial statements.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024

1 General information

National Corporation for Tourism and Hotels (the “Corporation”), a public shareholding company, was incorporated in Abu Dhabi, United Arab Emirates (“UAE”) on 11 December 1996 by Law No. (7) of 1996, to own, manage and invest in hotels and leisure complexes and to undertake other related business. The Corporation’s shares are listed on Abu Dhabi Securities Exchange. The Corporation’s registered office is P.O. Box 6942, Abu Dhabi, UAE.

The major shareholder of the Corporation is Alpha Dhabi Holding PJSC which is listed on Abu Dhabi Securities Exchange.

The Corporation owns five hotels within the UAE: (a) Intercontinental Hotel Abu Dhabi – Sole Proprietorship LLC (“Abu Dhabi Intercontinental Hotel”), Intercontinental Residences Abu Dhabi Hotel Apartments – Sole Proprietorship LLC (“Intercontinental Residences Abu Dhabi”), both of which are managed by an international hotel operating company; and (b) Danat Al Ain Resort – Sole Proprietorship LLC (“Danat Al Ain Resort”), Al Dhafra Beach Hotel – Sole Proprietorship LLC (“Al Dhafra Beach Hotel”) and Danat Jabal Al Dhanna Resort – Sole Proprietorship LLC (“Danat Resort – Jebel Dhanna”) directly operated and managed by the Corporation. In addition, the Corporation provides catering services and retail services.

As at 31 December 2024, the Corporation operates four hotel properties and rest houses through management agreements along with one hotel property through asset management agreement (31 December 2023: the Corporation operates four hotel properties and rest houses through management agreements), all owned by other parties.

2 Material accounting policies

2.1 Basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and the applicable provisions of U.A.E. Federal Decree Law No. (32) of 2021.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for land and certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of a financial asset or liability, the Corporation takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirhams (AED) which is the functional and presentation currency of the Corporation.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and its subsidiaries. Control is achieved where the Corporation has:

- power over the investee;
- is exposed, or has rights, to variable returns from its involvement; and
- has the ability to use its power to affect its returns.

The Corporation 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 Corporation 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 Corporation considers all relevant facts and circumstances in assessing whether or not its voting rights in an investee are sufficient to give it power, including:

- the size of the Corporation holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Corporation, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Corporation has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Corporation obtains control over the subsidiary and ceases when the Corporation 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 and other comprehensive income from the date the Corporation gains control until the date when the Corporation ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Corporation's accounting policies.

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

Non-controlling interests in subsidiaries are identified separately from the Corporation equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the noncontrolling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

2 Material accounting policies (continued)

2.2 Basis of consolidation (continued)

Changes in the Corporation ownership interests in existing subsidiaries

Changes in the Corporation interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Corporation 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 owners of the Corporation.

When the Corporation loses control of a subsidiary, a gain or loss is recognised in 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 consolidated statement of comprehensive income in relation to that subsidiary are accounted for as if the Corporation had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to consolidated statement of profit or loss or transferred to another category of equity as specified / permitted by applicable IFRS). 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, or the cost on initial recognition of an investment in an associate or a joint venture.

Name	Nature	Country of operation	Principal activity	Ownership Interest	
				2024	2023
Intercontinental Hotel Abu Dhabi – Sole Proprietorship LLC	Hotel	UAE	Hospitality	100.00%	100.00%
Danat Al Ain Resort – Sole Proprietorship LLC	Hotel	UAE	Hospitality	100.00%	100.00%
Danat Jabal Al Dhanna Resort – Sole Proprietorship LLC	Hotel	UAE	Hospitality	100.00%	100.00%
Al Dhafra Beach Hotel – Sole Proprietorship LLC	Hotel	UAE	Hospitality	100.00%	100.00%
Intercontinental Residences Abu Dhabi Hotel Apartments – Sole Proprietorship LLC	Hotel	UAE	Hospitality	100.00%	100.00%
National Transportation Company L.L.C (“NTC”)	Joint venture	UAE	Transport services	50.00%	50.00%
Velocity Property Development LLC	Joint Venture	UAE	Real Estate	63.86%	60.12%

* As at 31 December 2024, the effective percentage ownership of the Corporation over Velocity Property Development LLC is 63.86% and in 2024, the legal formalities to reflect the final percentage ownership of the Corporation over Velocity of 63.86% has been completed (note 7).

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Summary of material accounting policies

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

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Corporation, liabilities incurred by the Corporation to the former owners of the acquiree and the equity interests issued by the Corporation in exchange for control of the acquiree. Acquisition related costs are generally recognised in the consolidated statement of profit or loss as incurred.

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

- Deferred tax assets or liabilities in accordance with IAS 12;
- Assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 19;
- Liabilities or equity instruments related to share-based payment arrangements measured in accordance with IFRS 2; and
- Assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any noncontrolling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any noncontrolling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), then the excess is recognised immediately in the consolidated statement of profit or loss as a gain on bargain purchase.

When the consideration transferred by the Corporation in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is re-measured to fair value at subsequent reporting dates with changes in fair value recognised in the consolidated statement of profit or loss.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Summary of material accounting policies (continued)

Business combinations (continued)

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Corporation reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date. A business combination involving entities or businesses under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination and that control is not transitory.

Transactions giving rise to transfer of interests in entities, which are under the common control of the Corporation are accounted for using the pooling of interest method at the date of transfer. Such transactions are presented without restatement of prior periods and are outside the scope of IFRS 3. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of the transferor entity at the transfer date. The components of equity of the acquired entities are added to the same components within Corporation equity, except those which are eliminated on consolidation. Any difference between the consideration paid and capital of the acquiree is recognised directly in merger reserve.

Investment in joint ventures

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

The results and assets and liabilities of joint ventures are incorporated in these 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 in accordance with IFRS 5.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Summary of material accounting policies (continued)

Investment in joint ventures (continued)

Under the equity method, an investment in a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Corporation share of the profit or loss and other comprehensive income of the joint venture. When the Corporation share of losses of a joint venture exceeds the Corporation interest in that joint venture (which includes any long-term interests that, in substance, form part of the Corporation net investment in the joint venture), the Corporation discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Corporation has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment, any excess of the cost of the investment over the Corporation share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Corporation share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in the consolidated statement of profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Corporation investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Corporation discontinues the use of the equity method from the date when the investment ceases to be a joint venture. When the Corporation retains an interest in the former joint venture and the retained interest is a financial asset, the Corporation measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture.

In addition, the Corporation accounts for all amounts previously recognised in the consolidated statement of comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in the consolidated statement of comprehensive income by that joint venture would be reclassified to the consolidated statement of profit or loss on disposal of the related assets or liabilities, the Corporation reclassifies the gain or loss from equity to the consolidated statement of profit or loss (as a reclassification adjustment) at that time.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Summary of material accounting policies (continued)

Investment in joint ventures (continued)

When the Corporation reduces its ownership interest in a joint venture but the Corporation continues to use the equity method, it reclassifies to the consolidated statement of profit or loss the proportion of gain or loss previously recognised in the consolidated statement of comprehensive income relating to that reduction in ownership, if that gain or loss would be reclassified to the consolidated statement of profit or loss on the disposal of the related assets or liabilities.

When a Corporation entity transacts with a joint venture of the Corporation, profits and losses resulting from it are recognised in the Corporation consolidated financial statements only to the extent of interests in the joint venture that are not related to the Corporation.

The Corporation applies IFRS 9, including the impairment requirements, to long-term interests in joint venture to which the equity method is not applied and which forms part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Corporation does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

Property and equipment

Land is stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ significantly from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such land is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

All other property and equipment are stated at historical cost less accumulated depreciation and/or accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Summary of material accounting policies (continued)

Property and equipment (continued)

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

Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Buildings	10 - 50
Mechanical, electrical and plumbing	7 - 15
Furniture, fixtures and operating equipment	5 - 10
Motor vehicles	4 - 5

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

Increases in the carrying amount arising on revaluation of land are credited to consolidated statement of other comprehensive income and shown as a properties revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against properties revaluation reserve directly in equity; all other decreases are charged to the consolidated statement of profit or loss.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is included in the consolidated statement of profit or loss when the asset is derecognised.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less cost to sell and their value in use.

Capital work in progress

Properties or assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the design and construction of the asset including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Corporation's accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property and equipment or intangible asset category and is depreciated or amortised in accordance with the Corporation's policies.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Summary of material accounting policies (continued)

Impairment of non-financial assets

At each reporting date, the Corporation reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Leases

(a) *The Corporation as lessee*

The Corporation assesses whether a contract is, or contains, a lease, at inception of the contract. The Corporation recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Corporation recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Summary of material accounting policies (continued)

Leases (continued)

(a) The Corporation as lessee (continued)

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Corporation and the lease does not benefit from a guarantee from the Corporation.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- the amount expected to be payable by the lessee under residual value guarantees
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Corporation remeasures 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 significant event or change in circumstances resulting in 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 an unchanged 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 remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Corporation did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Corporation incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Summary of material accounting policies (continued)

Leases (continued)

(a) *The Corporation as lessee (continued)*

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Corporation expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Corporation applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Corporation has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Corporation allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(b) *The Corporation as lessor*

The Corporation enters into lease agreements as a lessor with respect to some of its building properties. Leases for which the Corporation is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Corporation is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. 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. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Corporation net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Corporation net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Corporation regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses (“ECL”) on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e., after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the Corporation applies IFRS 15 to allocate the consideration under the contract to each component.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Summary of material accounting policies (continued)

Inventories

Inventories are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Costs are those expenses incurred in bringing each product to its present location and condition and are determined on a weighted average cost basis.

Net realisable value is based on estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and at banks, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognised when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employees' end of service benefits

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date.

Provision is also made for the full amount of end of service benefit due to non-UAE national employees in accordance with UAE Labour Law, for their period of service up to the reporting date. With respect to its national employees, the Corporation makes contributions to a UAE Government pension scheme calculated as a percentage of the employees' salaries. The Corporation's obligations are limited to these contributions, which are expensed when due.

The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefit is disclosed as a non-current liability.

Term loans

Term loans are recognised initially at fair value, net of transaction costs incurred. Term loans are subsequently stated at amortised cost; any difference between the proceeds and the redemption value is recognised in the consolidated statement of profit or loss over the term of the term loans using the effective interest method. Term loans are classified as non-current liabilities when the Corporation has an unconditional right to defer settlement of the liabilities for more than twelve months after the reporting date.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Summary of material accounting policies (continued)

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.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

Trade and other payables

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

Financial instruments

Financial assets and financial liabilities are recognised when the Corporation becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of profit or loss.

Classification of financial assets and liabilities

(a) Initial recognition

On initial recognition, a financial asset is classified as measured at: amortised cost or fair value through profit or loss (“fair value through profit or loss”).

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss account:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through profit or loss

On initial recognition, the Corporation may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as fair value through profit or loss, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at fair value through profit or loss.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Summary of material accounting policies (continued)

Financial instruments (continued)

Classification of financial assets and liabilities (continued)

(c) Business model assessment

The Corporation makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the frequency, volume and timing of trades of financial assets in prior periods, the reasons for such trades and its expectations about the future trading activity. However, information about trading activity is not considered in isolation, but as part of an overall assessment of how the Corporation's stated objective for managing the financial assets is achieved and how cash flows are realised;
- how the performance of the portfolio is evaluated and reported to the management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss because they are neither held to collect contractual cash flows, nor held both to collect contractual cash flows and to sell financial assets.

(d) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition.

'Interest' is defined as consideration for the time value of money and for the credit risk associated with the outstanding principal.

In assessing whether the contractual cash flows are solely payments of principal and interest on the outstanding principal, the Corporation considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(e) Financial liabilities

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Summary of material accounting policies (continued)

Financial instruments (continued)

Classification of financial assets and liabilities (continued)

(e) *Financial liabilities* (continued)

Financial liabilities, at initial recognition, may be designated at fair value through profit or loss if the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis;
- the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on fair value basis, in accordance with a documented risk management strategy; or
- the financial liability contains an embedded derivative that would otherwise need to be separately recorded.

Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in consolidated statement of profit or loss.

Subsequent measurement and gain or losses

(a) *Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is recognised in the consolidated statement of profit or loss and other comprehensive income.

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

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the consolidated statement of profit or loss and other comprehensive income.

(c) *Financial liabilities at amortised cost*

Mainly includes borrowings and trade and other payables. After initial recognition, the aforementioned liabilities are subsequently measured at amortised cost using the effective interest rate (“EIR”) method. Gains and losses are recognised in the consolidated statement of profit or loss and other comprehensive income 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.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Summary of material accounting policies (continued)

Financial instruments (continued)

Reclassification

(a) *Financial assets*

The Corporation only reclassify financial assets if, and only if, the objective of the business model for managing those financial assets is changed. Such changes are expected to be very infrequent as these changes must be significant to the Corporation's operations and demonstrable to external parties.

(b) *Financial liabilities*

The Corporation determines the classification of financial liabilities on initial recognition. Subsequent reclassification is not permitted.

Modifications of financial assets and financial liabilities

(a) *Financial assets*

If the terms of a financial asset are modified, the Corporation evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Corporation recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated statement of profit or loss and other comprehensive income.

(b) *Financial liabilities*

If the terms of a financial liability are modified and the cash flows of the modified liability are substantially different then, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the consolidated statement of profit or loss.

Derecognition

(a) *Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Corporation retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Corporation has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Corporation is recognised as a separate asset or liability.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Summary of material accounting policies (continued)

Financial instruments (continued)

Derecognition (continued)

(a) *Financial assets (continued)*

The Corporation enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

In transactions in which the Corporation neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Corporation continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

(b) *Measured at amortised cost*

Any gain or loss on derecognition of financial assets measured at amortised cost is recognised in the consolidated statement of profit or loss.

(c) *Financial liabilities*

The Corporation derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

Impairment of financial assets

IFRS 9 specifies the ‘incurred loss’ model with a forward-looking ‘expected credit losses’ (‘ECL’) model. Assessing how changes in economic factors affect ECL requires considerable judgement. ECL are determined on a probability-weighted basis.

The Corporation recognises loss allowances for ECLs on the following instruments that are not measured at fair value through profit or loss:

- financial assets measured that are debt instruments carried at amortised cost or FVOCI; and
- financial guarantee contracts issued.

The Corporation measures loss allowances either using general or simplified approach as considered appropriate.

Under general approach, loss allowances are measured at an amount equal to 12-month expected credit loss except when there has been a significant increase in credit risk since inception. In such cases, the Corporation measures loss allowances at an amount equal to lifetime expected credit loss.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Summary of material accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

Under simplified approach, loss allowances are always measured at an amount equal to lifetime expected credit loss.

Lifetime ECL: These losses are the ECL that result from all possible default events over the expected life of a financial instrument, if there is significant increase in credit risk or under simplified approach.

12-month ECL: These losses are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

(a) Measurement of ECL

ECL are a probability-weighted estimate of credit losses. It is measured as follows:

- financial assets that are not credit-impaired: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Corporation in accordance with the contract and the cash flows that the Corporation expects to receive); and
- financial assets that are credit-impaired: as the difference between the gross carrying amount and the present value of estimated future cash flows.

(b) Definition of default

The Corporation considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Corporation, in full (without taking into account any collateral held by the Corporation).

Irrespective of the above analysis, the Corporation considers that default has occurred when a financial asset is more than 90-300 days past due, depending on the business segment, unless the Corporation has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(c) Reversals of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognised in the consolidated statement of profit or loss.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Summary of material accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(d) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Corporation determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Corporation's procedures for recovery of amounts due.

Revenue recognition

For contracts determined to be within the scope of revenue recognition, the Corporation is required to apply a five-step model to determine when to recognise revenue, and at what amount. Revenue is measured based on the consideration to which the Corporation expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Corporation recognises revenue when it transfers control of a product or service to a customer.

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

- Step 1* Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2* Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3* Determine the transaction price: The transaction price is the amount of consideration to which the Corporation 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 Corporation allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Corporation expects to be entitled in exchange for satisfying each performance obligation.
- Step 5* Recognise revenue when (or as) the Corporation satisfies a performance obligation.

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

- The Corporation's performance does not create an asset with an alternate use to the Corporation and the Corporation has as an enforceable right to payment for performance completed to date.
- The Corporation's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Summary of material accounting policies (continued)

Revenue recognition (continued)

- The customer simultaneously receives and consumes the benefits provided by the Corporation's performance as the Corporation performs.

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

The stand-alone selling prices are determined based on the observable price at which the Corporation sells the products and services on a standalone basis. For items that are not sold separately the Corporation estimates standalone selling prices using other methods (i.e. adjusted market assessment approach, cost plus margin approach or residual approach).

When the Corporation 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 Corporation 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 Corporation and the revenue and costs, if applicable, can be measured reliably.

The Corporation recognises revenue from the following major sources:

- Hotel revenues
- Retail revenues
- Catering revenues
- Management fee

(a) *Hotel revenues*

Hotel revenue corresponds to all the revenues received from guests of the hotels. The services rendered (including room rentals, food and beverage sales and other ancillary services) are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, that is over the stay within the hotel, and at a point in time for other goods or services, when they have been delivered or rendered.

(b) *Retail revenues*

For sales of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Summary of material accounting policies (continued)

Revenue recognition (continued)

(c) Catering revenues

Revenue is recognised in the period in which food and support services are provided in accordance with the terms of the contractual relationships with third parties. Revenue represents the fair value of the consideration received or receivable for food and support services provided in the normal course of business, excluding, value added tax and similar sales taxes.

(d) Management fee

Management fee is related to the provision of management and asset management services to the managed hotels and is recognised when the services are performed.

Foreign currencies

For the purpose of these consolidated financial statements, the UAE Dirham (AED) is the functional and presentation currency of the Corporation.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Corporation liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Corporation supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Summary of material accounting policies (continued)

Taxation (continued)

Deferred tax

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

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

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

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

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

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

Current tax and deferred tax for the year

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

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Summary of material accounting policies (continued)

Value added tax (“VAT”)

Output VAT related to sales is payable to tax authorities, based on the applicable VAT rate for each company within the Corporation, on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position on a net basis. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

4 Adoption of new and revised International Financial Reporting Standards (“IFRS Accounting Standards”)

4.1 New and amended IFRS that are effective for the current year

In the current year, the Corporation has applied a number of amendments to IFRS and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2024.

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2024, have been adopted in these consolidated financial statements. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

New and revised IFRS

Amendments to IFRS 16 *Leases* relating to Lease Liability in a Sale and Leaseback

Amendments to IAS 1 *Presentation of Financial Statements* relating to Classification of Liabilities as Current or Non-Current

Amendments to IAS 1 *Presentation of Financial Statements* relating to Non-current Liabilities with Covenants

Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* relating to Supplier Finance Arrangements

Summary

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendments also defer the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4 Adoption of new and revised International Financial Reporting Standards (“IFRS Accounting Standards”) (continued)

4.2 New and revised IFRS in issue but not yet effective and not early adopted

At the date of authorisation of these consolidated financial statements, the Corporation has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 21 – Lack of Exchangeability	1 January 2025
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	1 January 2025
Annual improvements to IFRS Accounting Standards - Volume 11 The pronouncement comprises the following amendments:	1 January 2026
<ul style="list-style-type: none">• IFRS 1: Hedge accounting by a first-time adopter• IFRS 7: Gain or loss on derecognition• IFRS 7: Disclosure of deferred difference between fair value and transaction price• IFRS 7: Introduction and credit risk disclosures• IFRS 9: Lessee derecognition of lease liabilities• IFRS 9: Transaction price• IFRS 10: Determination of a “de facto agent”• IAS 7: Cost method	
IFRS 18 Presentation and Disclosures in Financial Statement	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	Effective date not yet decided
IFRS Accounting Taxonomy 2023 - Update 2 Common Practice for Financial Instruments, General Improvements and Technology Update	Effective date not yet decided
IFRS Accounting Taxonomy 2023—Update 1 International Tax Reform – Pillar Two Model Rules, Supplier Finance Arrangements and Lack of Exchangeability	Effective date not yet decided
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	Effective date not yet decided by the regulator in the United Arab Emirates
IFRS S2 Climate-related Disclosures	Effective date not yet decided by the regulator in the United Arab Emirates

The above stated new standards and amendments are not expected to have any significant impact on the consolidated financial statements of the Corporation. There are no other applicable new standards and amendments to published standards or International Financial Reporting Interpretations Committee “IFRIC” interpretations that have been issued that would be expected to have a material impact on the consolidated financial statements of the Corporation.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

5 Critical accounting judgements and key sources of estimation uncertainty

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

While applying the accounting policies as stated in note 3, management of the Corporation has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Revaluation of land

The Corporation measures its land at the revalued amount. The revalued amount of land is determined by independent real estate valuation experts using market (sales comparison) valuation approach; a suitable method of valuation that is normally used to value lands and is an approach that would be adopted for use in the local market. The revalued amount is determined by comparing the land's characteristics with those of comparable properties which recently have been sold in similar transactions in the market. Adjustments are made to reflect the period of time that has passed between the transaction date and the date of valuation, or the price that is expected to be achieved following a negotiated sale. Data source of market evidence has been obtained from sources such as anecdotal information/evidence obtained from various sources and real estate brokers active in the locality, the expert's internal research/enquiries and personal knowledge of certain sales transactions that have taken place.

Revalued amounts are based on certain assumptions, which are subject to uncertainty, however, management does not expect such assumptions to materially differ from the actual results. The Corporation reported no change in the revalued amount as at 31 December 2024 (2023: increase of AED 7,615,000).

Impairment of property and equipment

Hotel properties and hotel properties under constructions (collectively referred as "hotel properties") classified under property and equipment are assessed for impairment when there is an indication that those assets have suffered an impairment loss. An impairment review is carried out by determining the recoverable amount which takes into account the fair value of these hotel properties under consideration. The fair values of these hotel properties are determined by an independent real estate valuation expert using Income Capitalisation method.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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

Impairment of property and equipment (continued)

Cash flows are determined with reference to recent market conditions, prices existing at the end of the reporting period, contractual agreements and estimations over the useful lives of the assets and discounted using a range of discount rates that reflects current market assessment of the time value of money and the risks specific to the asset. The net present values are compared to the carrying amounts to assess any probable impairment. Based on the assessment performed, the management concluded that there is no impairment of hotel properties as of 31 December 2024 and 2023.

Calculation of loss allowance

The Corporation assesses the impairment of its financial assets based on the expected credit loss (“ECL”) model. Under the expected credit loss model, the Corporation accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Corporation measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

When measuring ECL, the Corporation uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

At the reporting date, the Corporation has recognised total allowance for ECL amounting to AED 7,027,426 (31 December 2023: AED 7,185,403). The Corporation’s trade receivables are mainly due from Government related entities. Any difference between the amounts actually collected in future periods and the amounts expected to be received will be recognised in the consolidated statement of profit or loss.

If the ECL rates on each past due time bucket had been 0.5% higher/(lower) as of December 2024 and 2023, the loss allowance on trade receivables would have been changed as follows:

	2024	2023
	AED	AED
Due for 1 to 30 days	85,768	76,551
Due for 31 to 60 days	17,477	31,888
Due for 61 to 90 days	5,695	22,294
Due for 91 to 120 days	4,745	13,863
Due for more than 120 days	20,058	34,712
	133,743	179,308

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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

Useful lives of property and equipment

The useful lives and residual values of the property and equipment are based on management's judgement of the historical pattern of useful lives and the general standards in the industry. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technical obsolete or non-strategic assets that have been abandoned or sold.

Capitalisation of capital work in progress

In determining the timing to capitalise capital work in progress, management has considered the principles of IAS 16 *Property, Plant and Equipment*. On that basis, management considers the capability of the assets to operate in the manner intended by management, taking into consideration trends and level of production and salability of the products.

Impairment of investments in joint ventures

Management regularly reviews its investments in joint ventures for indicators of impairment. This determination of whether investments in joint ventures impaired entail management's evaluation of the specific investee's profitability, liquidity, solvency and ability are to generate operating cash flows from the date of acquisition and until the foreseeable future. The difference between the estimated recoverable amount and the carrying value of investment is recognised as an expense in the consolidated statement of profit or loss. Management is satisfied that no impairment provision is necessary on its investments in joint ventures.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

6 Property and equipment

	Land at revalued amount AED	Buildings at cost AED	Mechanical, electrical and plumbing equipment at cost AED	Furniture, fixtures and operating equipment at cost AED	Motor vehicles at cost AED	Capital work in progress at cost AED	Total AED
Cost							
At 1 January 2023	1,155,310,000	653,872,334	168,462,749	319,265,927	21,688,486	472,663,901	2,791,263,397
Additions	-	-	870,500	14,493,187	1,108,412	27,408,909	43,881,008
Revaluation of land	7,615,000	-	-	-	-	-	7,615,000
Disposals	-	-	-	(3,608,335)	(2,730,050)	-	(6,338,385)
Transfers	-	381,293,126	66,604,262	51,162,052	-	(499,059,440)	-
At 31 December 2023	<u>1,162,925,000</u>	<u>1,035,165,460</u>	<u>235,937,511</u>	<u>381,312,831</u>	<u>20,066,848</u>	<u>1,013,370</u>	<u>2,836,421,020</u>
At 1 January 2024	1,162,925,000	1,035,165,460	235,937,511	381,312,831	20,066,848	1,013,370	2,836,421,020
Additions	-	-	992,100	12,478,635	886,680	1,481,501	15,838,916
Disposals	-	-	-	(235,579)	(935,279)	-	(1,170,858)
Transfers	-	-	-	1,579,441	-	(1,579,441)	-
At 31 December 2024	<u>1,162,925,000</u>	<u>1,035,165,460</u>	<u>236,929,611</u>	<u>395,135,328</u>	<u>20,018,249</u>	<u>915,430</u>	<u>2,851,089,078</u>

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

6 Property and equipment (continued)

	Land at revalued amount AED	Buildings at cost AED	Mechanical, electrical and plumbing equipment at cost AED	Furniture, fixtures and operating equipment at cost AED	Motor vehicles at cost AED	Capital work in progress at cost AED	Total AED
Accumulated depreciation							
At 1 January 2023	-	405,236,291	134,310,481	275,706,953	17,446,706	-	832,700,431
Charge for the year	-	12,411,274	4,585,121	9,481,167	1,699,120	-	28,176,682
Disposals	-	-	-	(3,373,169)	(2,618,684)	-	(5,991,853)
At 31 December 2023	-	417,647,565	138,895,602	281,814,951	16,527,142	-	854,885,260
At 1 January 2024	-	417,647,565	138,895,602	281,814,951	16,527,142	-	854,885,260
Charge for the year	-	16,224,331	6,914,143	13,718,195	1,587,366	-	38,444,035
Disposals	-	-	-	(230,639)	(834,236)	-	(1,064,875)
At 31 December 2024	-	433,871,896	145,809,745	295,302,507	17,280,272	-	892,264,420
Carrying amount							
At 31 December 2024	1,162,925,000	601,293,564	91,119,866	99,832,821	2,737,977	915,430	1,958,824,658
At 31 December 2023	1,162,925,000	617,517,895	97,041,909	99,497,880	3,539,706	1,013,370	1,981,535,760

As at 31 December 2024, the Corporation has a right to use asset on leased out land with a net carrying value of AED 235,570 (2023: AED 281,529), and the amortisation charge for this right to use asset amounted to AED 45,959 (2023: AED 45,833). This has been classified under buildings.

Gain on sale of property and equipment during the year amounted to AED 156,916 (2023: AED 844,848) (note 20).

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

6 Property and equipment (continued)

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

	2024	2023
	AED	AED
Direct operating expenses (note 26)	37,598,189	27,369,896
General and administrative expenses (note 19)	845,846	806,786
	<u>38,444,035</u>	<u>28,176,682</u>

In 2024, the Corporation carried out a review of recoverable value of its hotel properties. The recoverable value of hotel properties is based on fair value less cost to sell and has been determined by reference to the income capitalisation method using exit yield of 8% to 9% (2023: 6% to 9%) and a discount rate of 9% to 12% (2023: 9% to 12%). No impairment was recognised on the hotel properties for the year ended 31 December 2024 (2023: no impairment was recognised).

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

6.1 Revaluation of land

Included in property and equipment is land stated at AED 1.16 billion as at 31 December 2024 (2023: AED 1.16 billion) of revaluation amount.

The revalued amounts of the Corporation's land are arrived at on the basis of a valuation that was carried out by an independent registered third party valuer ("the Valuer") in accordance with the RICS Appraisal and Valuation Standards issued by the Royal Institute of Chartered Surveyors ("RICS") using market (sales comparison) valuation approach.

In estimating the revalued amounts of the land, the highest and best use of the land have been considered.

The valuations were determined by using the market (sales comparison) valuation approach. The approach involves measuring the present value of the business resources based on the flow of prices of these resources on the free market and exchange between willing persons (seller and buyer) on such market. The valuation has been conducted as at 31 December 2024.

The inputs used in the valuation are not based on observable market data, and thus, the valuation techniques were considered to be Level 3 fair value measurement.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

6 Property and equipment (continued)

6.1 Revaluation of land (continued)

Significant unobservable inputs used in determining the fair value of the land are as follows:

Net average sales price/sqft for land* AED 12.75 – AED 972.00

*The sales price range pertains to various plots of land located in various locations within Abu Dhabi.

The Corporation conducted sensitivity analysis showing the impact of change in sales price per square foot for its land as of 31 December 2024. Accordingly, an increase in expected sales price per square foot by 5% would result in AED 58.1 million increase in the valuation, whilst a decrease of 5% would result in AED 58.1 million decrease in valuation of the revalued amount of the Corporation's plots of land.

6.2 Capital work in progress

At 31 December 2024, the total capital work in progress amounted to AED 0.9 million (2023: AED 1.0 million). During 2023, the new hotel property InterContinental Residences Abu Dhabi which was previously under construction, was handed over to the Corporation and started its commercial operations, accordingly, the costs of the new hotel property was transferred out of the capital work in progress account.

During the year, no borrowing costs have been capitalized (2023: borrowing costs amounting to AED 13.4 million have been capitalised at an average rate of 2.5% - 3.5% over 3-months EBOR).

Term loans are secured with mortgage over land and building with carrying value of AED 1.54 billion (2023: AED 1.55 billion) (note 14).

7 Investment in joint ventures

	2024	2023
	AED	AED
National Transport Company LLC (a)	29,114,158	25,929,896
Velocity Property Development LLC (b)	288,939,464	262,636,325
	<u>318,053,622</u>	<u>288,566,221</u>

The Corporation holds 50% and 63.86% of the voting rights of its joint arrangements, respectively. The Corporation has joint control over these arrangements as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities. The Corporation's joint arrangements provide the Corporation and the parties to the arrangements with rights to the net assets.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

7 Investment in joint ventures (continued)

(a) National Transport Company

Investment in joint ventures includes an investment to National Transport Company LLC (“NTC”) of 50%. Movement in the investment in NTC is as follows:

	2024	2023
	AED	AED
At 1 January	25,929,896	21,835,967
Share of results for the year	4,184,262	4,093,929
Dividend received	(1,000,000)	-
At 31 December	<u>29,114,158</u>	<u>25,929,896</u>

Summarised financial information below represents amounts shown in NTC's consolidated financial statements prepared in accordance with IFRS accounting standards:

	2024	2023
	AED	AED
Non-current assets	63,635,669	62,282,611
Current assets	17,604,426	23,396,973
Non-current liabilities	(3,341,258)	(6,537,018)
Current liabilities	(19,670,521)	(27,282,774)
Total net equity	<u>58,228,316</u>	<u>51,859,792</u>
Corporation's share of net assets at 50%	<u>29,114,158</u>	<u>25,929,896</u>
Revenue	46,835,708	40,829,778
Profit for the year	<u>8,368,524</u>	<u>8,187,858</u>
Corporation's share of profit for the year	<u>4,184,262</u>	<u>4,093,929</u>

(b) Velocity Property Development LLC

In 2015, the Corporation and a third party company entered into a formal joint venture agreement to establish Velocity Property Development LLC (the “Joint Venture” or “Velocity”) with initial share capital contribution of 60.12% and 39.88%, respectively. The Corporation contributed land and existing works and cash into the Joint Venture. In 2024, the ownership interest of the Corporation and the third party company over Velocity was finalized and reallocated to 63.86% and 36.14%, respectively, based on the actual total capital contributions made by the Corporation and the other shareholder of Velocity.

The Joint Venture has been formed for the purpose of developing and managing the plot located at ADNEC area in Abu Dhabi, United Arab Emirates.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

7 Investment in joint ventures (continued)

(b) Velocity Property Development LLC (continued)

Movement in the investment in Joint Venture is as follows:

	2024 AED	2023 AED
At 1 January	262,636,325	242,725,871
Additional investment	17,900,483	19,229,470
Share of results for the year	8,402,656	680,984
At 31 December	<u>288,939,464</u>	<u>262,636,325</u>

Summarised financial information below represents amounts shown in Velocity's consolidated financial statements prepared in accordance with IFRS accounting standards:

	2024 AED	2023 AED
Non-current assets	784,427,280	758,263,061
Current assets	16,548,671	11,728,688
Non-current liabilities	(299,621,098)	(302,010,028)
Current liabilities	(80,540,023)	(88,355,647)
Total net equity	<u>420,814,830</u>	<u>379,626,074</u>
Corporation's share of net assets at 63.86%	268,732,350	242,429,211
Goodwill	20,207,114	20,207,114
As at 31 December	<u>288,939,464</u>	<u>262,636,325</u>
Revenue	33,454,863	15,433,797
Profit for the year	13,157,933	1,066,369
Corporation's share of profit for the year	<u>8,402,656</u>	<u>680,984</u>

In accordance with the above, for the year 2024, the Corporation recorded its share of results in the net profits of the two joint ventures amounting to AED 12,586,918 (2023: net profit amounting to AED 4,774,913).

8 Financial assets at fair value through profit or loss

	2024 AED	2023 AED
Investments in quoted shares	<u>24,328,882</u>	<u>26,134,090</u>

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

8 Financial assets at fair value through profit or loss (continued)

Movements in the financial assets at fair value through profit or loss were as follows:

	2024 AED	2023 AED
At 1 January	26,134,090	30,559,901
Purchase of quoted shares	-	2,388,956
Decrease in fair value	(1,805,208)	(6,814,767)
At 31 December	<u>24,328,882</u>	<u>26,134,090</u>

In 2024, the Corporation purchased nil shares (2023: shares amounting to AED 2.4 million) in listed equity securities in active market transactions. Based on the business model of the Corporation, the management classified these securities as financial assets at fair value through profit or loss. The inputs used are based on observable market data, and thus, the valuation techniques were considered to be Level 1 fair value measurement.

9 Inventories

	2024 AED	2023 AED
Food and beverages	15,835,572	16,212,030
Engineering and operating supplies	5,255,602	6,537,537
	<u>21,091,174</u>	<u>22,749,567</u>

Inventories recognised as an expense during 2024 amounted to AED 226.6 million (2023: AED 225.2 million). These were included in direct operating expenses.

10 Trade and other receivables

	2024 AED	2023 AED
Trade receivables	107,577,051	115,601,358
Less: allowance for impairment	(7,027,426)	(7,185,403)
	<u>100,549,625</u>	<u>108,415,955</u>
Prepayments and advances	30,375,662	34,873,997
Interest receivables	1,233,999	6,048,606
Amounts due from related parties (note 18)	9,157,445	9,118,642
Other receivables	9,757,478	11,938,394
	<u>151,074,209</u>	<u>170,395,594</u>

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

10 Trade and other receivables (continued)

Prepayments and advances include advance provided to contractor during the year amounting to AED 486.5 thousand (2023: AED 422.5 thousand) related to hotel renovation projects.

The average credit period on sale of goods or services rendered is 30 days. No interest is charged on outstanding trade receivables.

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

The Corporation writes off trade and other receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. During the year, the Corporation has written off AED 38,548 (2023: nil) out of its trade receivables.

The Corporation has adopted a policy of dealing only with creditworthy counterparties. Adequate credit assessment is made before accepting an order for services or sale of goods from any counterparty.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

	2024	2023
	AED	AED
At 1 January	7,185,403	7,264,755
Reversal for the year	(119,429)	(79,352)
Amounts written off	(38,548)	-
At 31 December	<u>7,027,426</u>	<u>7,185,403</u>

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

10 Trade and other receivables (continued)

As of 31 December 2024, the analysis of trade receivables including those that were past due and not impaired is as follows:

	Current	31-60 Days	61-90 Days	91-120 Days	More than 120 Days	Total
At 31 December 2024						
Gross receivable	89,794,805	3,522,764	1,101,079	949,607	12,208,796	107,577,051
Specific provision	-	-	-	-	(6,095,753)	(6,095,753)
ECL rate	0.8%	0.5%	1.4%	0.6%	2.5%	0.9%
General provision	(739,187)	(18,749)	(15,913)	(5,224)	(152,600)	(931,673)
Net receivable	89,055,618	3,504,015	1,085,166	944,383	5,960,443	100,549,625
	Current	31-60 Days	61-90 Days	91-120 Days	More than 120 Days	Total
At 31 December 2023						
Gross receivable	84,727,633	6,447,790	4,467,339	2,952,121	17,006,475	115,601,358
Specific provision	-	-	-	-	(5,839,473)	(5,839,473)
ECL rate	0.4%	0.8%	1.2%	1.2%	7.7%	1.2%
General provision	(351,790)	(50,576)	(52,000)	(35,178)	(856,386)	(1,345,930)
Net receivable	84,375,843	6,397,214	4,415,339	2,916,943	10,310,616	108,415,955

11 Cash and bank balances

Cash and cash equivalents are comprised of the following:

	2024 AED	2023 AED
Cash at bank and on hand	146,850,430	104,416,972
Short term deposits	286,654,604	254,076,349
	433,505,034	358,493,321
Less: short-term deposits with original maturity of more than three months	(266,986,436)	(239,076,349)
Cash and cash equivalents	166,518,598	119,416,972

Short-term deposits represent deposits held with financial institutions in the UAE and denominated in AED. As at 31 December 2024, these deposits carry an interest rate of 4.25% to 4.85% (31 December 2023: 5.35% to 5.90%) per annum.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

11 Cash and bank balances (continued)

Short-term deposits are made for varying periods of between three months and one year (2023: between two months and one year), depending on the immediate cash requirements of the Corporation and earn interest at the respective short-term deposit rates. The fair values of short-term deposits are equal to the carrying amount at year end. In 2024, interest income earned on short term deposits amounted to AED 15,444,807 (2023: AED 12,583,078).

12 Share capital

	2024 AED	2023 AED
<i>Authorised capital</i>		
899,026,128 ordinary shares of AED 1 each (31 December 2023: 899,026,128 ordinary shares of AED 1 each)	<u>899,026,128</u>	<u>899,026,128</u>
<i>Issued, subscribed and paid up capital</i>		
Opening Balance	899,026,128	817,296,480
Nil bonus shares issued		
(31 December 2023: 81,729,648 bonus shares issued for AED 1 each)	<u>-</u>	<u>81,729,648</u>
Closing Balance	<u>899,026,128</u>	<u>899,026,128</u>

During 2023, the Corporation issued 81,729,648 bonus shares to its existing shareholders on the basis of 10.0% of ordinary shares held. The bonus shares are ordinary and carry the same rights as other ordinary shares. The legal formalities of the issuance of the 2023 share capital were completed during April 2023.

13 Reserves

(a) Statutory reserve

In line with the provisions of the UAE Federal Decree Law No. 32 of 2021 and the Corporation's Articles of Association, the Corporation is required to transfer annually to a statutory reserve account an amount equivalent to 10% of its profit for the year until such reserve reaches 50% of the share capital of the Corporation. The statutory reserve is not available for distribution.

(b) General reserve

The general reserve has been established to enhance the capital base of the Corporation. Transfers to and out of the general reserve are made upon recommendation of the Board of Directors of the Corporation. The general reserve has been earmarked for utilization for the costs and expenses in relation to the Corporation's acquisition of the entire shareholding of Alpha Dhabi Holding PJSC's subsidiaries over the Target Companies (note 29).

(c) Properties revaluation reserve

Properties revaluation reserve represents the net unrealised gains or losses that are recognised on the revaluation of land.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

14 Term loans

	2024 AED	2023 AED
Term loan 1	304,036,991	294,831,894
Term loan 2	51,553,909	73,596,663
Term loan 3	1,000,000	3,000,000
Term loan 4	6,000,000	9,000,000
Term loan 5	4,800,000	6,000,000
	<u>367,390,900</u>	<u>386,428,557</u>
Less: Amount due for settlement after 12 months from the end of reporting year (classified under non-current liabilities)	<u>(317,418,755)</u>	<u>(350,749,437)</u>
Amount due for settlement within 12 months from the end of reporting year (classified under current liabilities)	<u>49,972,145</u>	<u>35,679,120</u>

The term loans comprise the following:

Term loan 1

In 2013, the Corporation obtained a loan facility from a local bank amounting to AED 220.0 million. In 2021, the Corporation and the local bank agreed to increase the available facility amount to AED 320.0 million. The loan was utilised for the construction of a new hotel, InterContinental Residences Abu Dhabi. Total drawdown as at 31 December 2024 amounted to AED 310.6 million. The loan carries interest at the rate of 2.5% over 3-months EIBOR (31 December 2023: 2.5% over 3-months EIBOR). Interest is paid on a quarterly basis. The loan is to be repaid over 9 years by 36 quarterly installments beginning from June 2024. Additional drawdown of AED 9.4 million is available for this loan as at 31 December 2024.

The loan facility is secured by the following:

- (i) Mortgage over the land plots and buildings of Abu Dhabi InterContinental Hotel and InterContinental Residences Abu Dhabi;
- (ii) Assignment of revenues of Abu Dhabi InterContinental Hotel;
- (iii) Assignment of revenues up to AED 20 million of Danat Resort – Jebel Dhanna;
- (iv) Assignment of entire revenues of the new hotel; and
- (v) Assignment of insurance in relation to the above properties.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

14 Term loans (continued)

Term loan 2

During 2015, the Corporation obtained a loan facility from a local bank amounting to AED 600.0 million which are split into two facilities of: (i) Facility A for AED 131.6 million which is utilized to repay two existing loans from the same local bank and (ii) Facility B for AED 468.4 million which will be utilised to repay another existing loan from the same local bank and to meet future investment opportunities. Facility A was fully utilized as at 31 December 2015, while Facility B drawdown amounted to AED 68.4 million. Total drawdown for both facilities as at 31 December 2024 amounted to AED 200.0 million. Total outstanding loan balance for both facilities as at 31 December 2024 amounted to AED 52.4 million (31 December 2023: AED 75.4 million). Facilities A and B carry interest at the rate of 2.5% over 3-months EIBOR (31 December 2023: 2.5% over 3-months EIBOR). The Facilities A and B are to be repaid in 10 years from the date of the Loan Facility Agreement through semi-annual installments and one final payment on the final repayment date. Interest is to be paid on quarterly basis.

The loan facility is secured by the following:

- (i) Mortgage over the land plots and buildings of Abu Dhabi Intercontinental Hotel and InterContinental Residences Abu Dhabi;
- (ii) Assignment of insurances of Abu Dhabi Intercontinental Hotel and InterContinental Residences Abu Dhabi;
- (iii) Assignment of receivables from Abu Dhabi Intercontinental Hotel, Danat Al Ain Resort, Danat Resort – Jebel Dhanna, Al Dhafra Beach Hotel and InterContinental Residences Abu Dhabi; and
- (iv) Pledge over bank accounts of the Corporation and its divisions, Abu Dhabi Intercontinental Hotel, Danat Al Ain Resort, Danat Resort – Jebel Dhanna, Al Dhafra Beach Hotel and InterContinental Residences Abu Dhabi.

In July 2017, the Corporation voluntarily cancelled part of the available facility amounting to AED 400 million of the Facility B.

As at 31 December 2024, the Corporation has an unamortised loan arrangement fee of AED 0.9 million (2023: AED 1.8 million) related to the loan and is netted off from the outstanding loan balance.

In 2020, the Corporation obtained approval to defer the payment of four principal instalments due from May 2020 to January 2021 until a period from May 2026 to November 2026. The principal instalment payments due after January 2021 remained unchanged.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

14 Term loans (continued)

Term loan 3

During 2019, the Corporation obtained a loan facility from a local bank amounting to AED 10.0 million. The loan was for the general corporate requirements particularly for the renovation of Al Dhafra Beach Hotel. As of 31 December 2024, the facility is fully drawdown and the outstanding balance as of reporting date amounted to AED 1.0 million. The loan carries interest at the rate of 2.5% over 3-months EIBOR (31 December 2023: 2.5% over 3-months EIBOR). Interest is paid on a quarterly basis. The loan is to be repaid over 5 years by semi-annual installments from September 2020.

The loan facility is secured by the same security as Term Loan 1 and all other related assignments.

Term loan 4

During 2020, the Corporation obtained a loan facility from a local bank amounting to AED 15.0 million. The loan will be utilised for the renovation activities of Al Dhafra Beach Hotel. As of 31 December 2024, the facility is fully drawdown and the outstanding balance as of reporting date amounted to AED 6.0 million. Repayment of the loan is due after 18 months from the date of initial utilisation. The loan carries interest at the rate of 2.5% over 3-months EIBOR (31 December 2023: 2.5% over 3-months EIBOR). Interest is paid on a quarterly basis. The loan is to be repaid over 5 years by semi-annual instalments from April 2022.

The loan facility is secured by the same security as Term Loan 1 and all other related assignments.

Term loan 5

During 2022, the Corporation obtained a loan facility from a local bank amounting to AED 6.0 million. The loan will be utilised for the renovation activities of the marina at Abu Dhabi InterContinental Hotel. As of 31 December 2024, the facility is fully drawdown and the outstanding balance as of reporting date amounted to AED 4.8 million. Repayment of the loan is due after 18 months from the date of initial utilisation. The loan carries interest at the rate of 2.5% over 3-months EIBOR (31 December 2023: 2.5% over 3-months EIBOR). Interest is paid on a quarterly basis. The loan is to be repaid over 5 years by semi-annual instalments from April 2024.

The loan facility is secured by the same security as Term Loan 1 and all other related assignments.

As of 31 December 2024, there was no non-compliance of financial covenants.

Reconciliation of term loan movement to the cash flows arising from financing activities is as follows:

	2024	2023
	AED	AED
At 1 January	386,428,557	387,944,431
<i>Cash flows</i>		
Loans drawdown	15,751,097	25,526,878
Loans repaid	(35,679,119)	(27,933,119)
<i>Other non-cash items</i>		
Amortisation of transaction costs	890,365	890,367
At 31 December	<u>367,390,900</u>	<u>386,428,557</u>

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

15 Provision for employees' end of service benefits

	2024 AED	2023 AED
At 1 January	30,720,750	38,954,174
Charge for the year	7,375,666	8,986,601
Payments during the year	<u>(3,283,184)</u>	<u>(17,220,025)</u>
At 31 December	<u><u>34,813,232</u></u>	<u><u>30,720,750</u></u>

16 Lease liabilities

The Corporation leases a land for warehouse purpose and several buildings for staff accommodations. The average remaining lease term is 1-6 years (2023: 1-7 years).

The movement in lease liabilities is as follows:

	2024 AED	2023 AED
1 January	316,292	358,353
Interest expense (note 21)	17,120	19,807
Repayments	<u>(61,868)</u>	<u>(61,868)</u>
At 31 December	<u><u>271,544</u></u>	<u><u>316,292</u></u>

The current and non-current classification of lease liabilities as of the reporting date is as follows:

	2024 AED	2023 AED
Current lease liabilities	61,868	61,868
Non-current lease liabilities	<u>209,676</u>	<u>254,424</u>
	<u><u>271,544</u></u>	<u><u>316,292</u></u>

Amounts recognised in the consolidated statement of cash flows during the year is as follows:

	2024 AED	2023 AED
Principal elements of lease payments	44,748	42,061
Interest paid on lease liabilities	<u>17,120</u>	<u>19,807</u>
	<u><u>61,868</u></u>	<u><u>61,868</u></u>

One of premises lease in which the Corporation is the lessee contain variable lease payment terms that are linked to sales generated from the leased stores. During the year, the Corporation paid AED 488,645 (2023: AED 459,333) as lease payments for the said premises. Overall, the variable payments are not material to the Corporation's entire lease payments and the Corporation expects this to remain constant in future years. The variable payments depend on sales and consequently on the overall economic development over the next few years. Taking into account the development of sales expected over the next 5 years, variable rent expense are expected to continue to present a similar proportion of store sales in future years.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

17 Trade and other payables

	2024 AED	2023 AED
Trade payables	107,234,732	100,118,362
Accrued liabilities	35,824,024	34,488,994
Deferred income	8,422,106	6,402,308
Due to related parties (note 18)	2,160,935	1,977,205
Interest payable	785,294	834,102
Retentions payable	11,397	19,074,816
Dividend payable	-	2,827,275
Other payables	14,311,994	11,841,579
	<u>168,750,482</u>	<u>177,564,641</u>

Trade payables are non-interest bearing and are normally settled on 60-day terms. Other payables are non-interest bearing and have an average term of six months.

Retentions payable represent amounts retained by the Corporation from third party contractors of Intercontinental Residences Abu Dhabi project and Al Dhafra Beach Hotel.

In 2023, following a directive from the Securities and Commodities Authority (“SCA”), the Corporation has paid an amount of AED 5.7 million to SCA for the unclaimed dividends of the Corporation’s shareholders as of a cutoff date as notified by the SCA. Since the Corporation has reversed all previous year’s unclaimed dividends in the books, the Board of Directors of the Corporation have decided to charge the “Accumulated losses” for the amount of AED 5.7 million, which has been paid to SCA, in addition to the remaining unclaimed dividends amounting to AED 2.8 million, hence the total charges made against the accumulated losses amounted to AED 8.5 million. The remaining unclaimed dividends amounting to AED 2.8 million was recorded under “Trade and other payables” in the consolidated statement of financial position. In addition, based on the approval of the Board of Directors of the Corporation, the "General Reserve" has been released to “Accumulated losses”, in 2023, to cover the unclaimed dividends totalling to AED 8.5 million. In 2024, the management of the Corporation has recommended, and the Board of Directors has approved to transfer back the remaining unclaimed dividends amounting to AED 2.8 million into the “General Reserve”.

18 Related parties

Related parties represent the associated companies, directors and key management personnel of the Corporation, and companies of which they are principal owners and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Corporation’s management.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

18 Related parties (continued)

(a) Terms and conditions of transactions with related parties

The sales to and services from related parties are made at normal market prices. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2024, the Corporation has not recorded any impairment of receivables relating to amounts owed by related parties (2023: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which related party operates.

(b) Balances with related parties

Balances with these related parties generally arise from commercial transactions in the normal course of business on arm's length basis. Balances with related parties reflected in the consolidated statement of financial position at the reporting date comprised:

	<i>Related party relationship</i>	2024 AED	2023 AED
Due from related parties (note 10)			
Velocity Property Development LLC	Joint Venture	2,136,954	2,319,899
National Transport Company LLC ("NTC")	Joint Venture	4,776	29,394
Others	Managed Hotels	2,515,715	1,769,349
		4,657,445	4,118,642
<i>Loan to related parties*</i>			
National Transport Company LLC ("NTC")	Joint Venture	4,500,000	5,000,000
		9,157,445	9,118,642
Due to related parties (note 17)			
Velocity Property Development LLC	Joint Venture	1,402,203	-
National Transport Company LLC ("NTC")	Joint Venture	523,531	1,825,355
Others	Managed Hotels	235,201	151,850
		2,160,935	1,977,205

* In 2023, a loan to NTC amounting to AED 5.0 million was provided by the Corporation to support the mobilisation of projects of NTC, the loan is short term and interest free. The other shareholder of NTC has also provided NTC with a similar amount. During the year, NTC has paid back an amount of AED 0.5 million to the Corporation.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

18 Related parties (continued)

(c) Transactions with related parties

Significant transactions with related parties are as follows:

	2024 AED	2023 AED
Directors' remuneration paid (note 24)	<u>2,500,000</u>	<u>5,757,805</u>
Rental and other income	<u>512,998</u>	<u>48,000</u>
Other expenses charged by NTC	<u>6,110,095</u>	<u>6,171,819</u>
Management fee income from managed hotels	<u>4,496,908</u>	<u>2,977,558</u>
Additional investment in Velocity Property Development LLC	<u>17,900,483</u>	<u>19,229,470</u>
Shareholder advances to NTC*	<u>-</u>	<u>5,000,000</u>

* The advances to NTC amounting to AED 5.0 million pertain to cash advances made by the Corporation to support the mobilization of projects of NTC, the advances are interest-free and short-term in nature and are reported under "Due from related parties" (note 10). The other shareholder of NTC has also made the cash advances to NTC for the similar amount.

	2024 AED	2023 AED
Key management personnel compensation		
Short term benefits	<u>8,166,625</u>	<u>6,857,237</u>
Post-employment benefits	<u>694,737</u>	<u>509,380</u>
	<u><u>8,861,362</u></u>	<u><u>7,366,617</u></u>
Number of key management personnel	<u>7</u>	<u>6</u>

There were no loans provided to directors for the year ended 31 December 2024 and 2023.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

19 General and administrative expenses

	2024	2023
	AED	AED
Payroll and employee related costs*	15,594,308	16,225,209
Depreciation (note 6)	845,846	806,786
Other operating expenses	6,805,951	7,811,504
	<u>23,246,105</u>	<u>24,843,499</u>

* Payroll and employee related costs included under “Direct operating expenses” for the year 2024 amounted to AED 239.1 million (2023: AED 235.4 million).

There were no social contributions made by the Corporation during the year ended 31 December 2024 and 2023.

20 Other income

	2024	2023
	AED	AED
Management fees	4,496,908	2,977,558
Dividend income	1,122,123	1,701,151
Gain on disposal of property and equipment (note 6)	156,916	844,848
Other income	830,131	134,411
	<u>6,606,078</u>	<u>5,657,968</u>

21 Finance costs

	2024	2023
	AED	AED
Interest expense on term loans	29,552,852	19,954,552
Interest expense on lease liabilities (note 16)	17,120	19,807
	<u>29,569,972</u>	<u>19,974,359</u>

Interest was paid during the year at the rates of 2.5% (2023: 2.5% to 3.5%) over 3-months EIBOR.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

22 Basic and diluted earnings per share

	2024	2023
Profit for the year (AED)	<u>74,033,830</u>	<u>68,081,584</u>
Weighted average number of shares in issue	<u>899,026,128</u>	<u>899,026,128</u>
Basic and diluted earnings per share (AED)	<u>0.08</u>	<u>0.08</u>

As at 31 December 2024 and 2023, the Corporation has not issued any instrument which would have dilutive impact on earnings per share when converted or exercised and accordingly, diluted earnings per share is equal to basic earnings per share.

23 Dividends and bonus shares

During 2023, 81.7 million bonus shares were proposed by the Board of Directors, and issuance of these shares was approved in the Annual General Meeting (“AGM”) held on 17 April 2023.

24 Board of Directors remuneration

During 2024, the remuneration of the Board of Directors for the year ended 31 December 2023 amounting to AED 2.5 million was approved in the AGM held on 17 April 2024 (31 December 2023: remuneration of the Board of Directors for the year ended 31 December 2022 amounting to AED 5.8 million was approved in the AGM held on 17 April 2023).

25 Taxation

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance (“MoF”) released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (“CT Law”) to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Corporation accounting year ends on 31 December, the first tax period will be the period from 1 January 2024 to 31 December 2024, with the respective tax return to be filed on or before 30 September 2025.

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax. It is not currently foreseen that the Group’s UAE operations will be subject to the application of the Global Minimum Tax rate of 15% in FY2024. The application is dependent on the implementation of Base Erosion Profit Shifting (BEPS 2) - Pillar Two rules by the countries where the Corporation operates and the enactment of Pillar Two rules by the UAE MoF.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

25 Taxation (continued)

The Corporation had performed an assessment of the potential impact of the UAE CT Law. Based on this assessment, there were no material temporary differences on which deferred taxes should be accounted for as of 31 December 2024 and accordingly the implementation of the UAE CT Law had no impact on the consolidated statement of financial position of the Corporation as at 31 December 2024 nor on the consolidated statement of profit or loss and other comprehensive income of the Corporation for the year ended 31 December 2024, except on the recognition of current income tax expense.

a. Components of income tax expense

	2024	2023
	AED	AED
Current tax	5,946,003	-
Deferred tax	-	-
	<u>5,946,003</u>	<u>-</u>

b. Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

	2024	2023
	AED	AED
Profit before income tax	<u>79,979,833</u>	<u>68,081,584</u>
Theoretical tax charge at statutory rate of 9.0%	7,198,185	-
Tax effects of items which are not deductible or assessable for taxation purposes:		
- Income which is exempt from taxation:		
(i) Share of results of joint ventures accounted for using the equity method	(1,132,823)	-
(ii) Dividend income from investments in UAE entities classified as financial assets at fair value through profit or loss	(100,991)	-
(iii) Income threshold as per the Tax Law	(33,750)	-
- Non-deductible expenses	15,382	-
	<u>5,946,003</u>	<u>-</u>

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

26 Segment information

(a) *Products and services from which reportable segments derive their revenues*

Information reported to the Corporation's Chief Executive Officer (the Chief Operating Decision Maker (CODM)) for the purposes of resource allocation and assessment of segment performance is focused on nature of products or services provided. The primary segment reporting format is determined to be operating segments as the Corporation's risks and rates of return are affected predominantly by differences in the products and services provided. The operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic operating unit that offers different products and serves different markets.

(b) *Operating segments*

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

- Hotels – Providing room and food and beverages services to customers;
- Retail services – Providing beverage sales services to customers;
- Catering services – Providing catering services on a contract basis; and
- Holding – responsible for managing investments held by the Corporation, development and management of hotels and general coordination of the Corporation's activities.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocations and performance management. Segment performance is measured based on profit or loss. The Corporation has only one geographical segment – United Arab Emirates.

Information regarding these segments is presented below.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

26 Segment information (continued)

	Hotels AED	Retail services AED	Catering services AED	Holding AED	Eliminations AED	Total AED
31 December 2024						
Revenue*						
<i>Timing of revenue recognition</i>						
At a point in time	<u>223,919,124</u>	<u>53,448,098</u>	<u>429,148,370</u>	-	<u>(7,957,818)</u>	<u>698,557,774</u>
Direct operating expenses	<u>(162,474,533)</u>	<u>(43,665,807)</u>	<u>(372,115,116)</u>	-	<u>17,139,757</u>	<u>(561,115,699)</u>
Depreciation	<u>(33,068,339)</u>	<u>(554,581)</u>	<u>(3,975,269)</u>	-	<u>-</u>	<u>(37,598,189)</u>
	<u>(195,542,872)</u>	<u>(44,220,388)</u>	<u>(376,090,385)</u>	-	<u>17,139,757</u>	<u>(598,713,888)</u>
Gross profit	28,376,252	9,227,710	53,057,985	-	9,181,939	99,843,886
General and administrative expenses	-	-	-	(23,246,105)	-	(23,246,105)
Share of results of joint ventures accounted for using the equity method	-	-	-	12,586,918	-	12,586,918
Fair value losses on financial assets at fair value through profit or loss	-	-	-	(1,805,208)	-	(1,805,208)
Net reversal of impairment losses on financial assets	119,429	-	-	-	-	119,429
Other income**	-	-	138,505	15,649,512	(9,181,939)	6,606,078
Interest income	40,742	-	7,719	15,396,346	-	15,444,807
Finance costs	-	-	-	(29,569,972)	-	(29,569,972)
Income tax expense	<u>(5,932,653)</u>	-	-	<u>(13,350)</u>	-	<u>(5,946,003)</u>
Profit/(loss) for the year	<u>22,603,770</u>	<u>9,227,710</u>	<u>53,204,209</u>	<u>(11,001,859)</u>	<u>-</u>	<u>74,033,830</u>
At 31 December 2024						
Total assets	<u>1,988,731,895</u>	<u>22,069,696</u>	<u>197,811,728</u>	<u>763,113,780</u>	<u>(64,849,520)</u>	<u>2,906,877,579</u>
Total liabilities	<u>62,576,356</u>	<u>19,270,852</u>	<u>128,095,946</u>	<u>422,254,736</u>	<u>(55,025,729)</u>	<u>577,172,161</u>

* The deferred income related to contracts with customers as of 31 December 2024 amounts to AED 8.4 million (note 17).

** Other income includes management fee income from Owned Hotels amounting to AED 4.0 million, which was eliminated in the consolidation process. Investment and other income from managed hotels amounted to AED 4.5 million (note 20).

All the income and expenses relating to operations of the Corporation are generated/incurred in UAE and denominated in UAE Dirham.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

26 Segment information (continued)

	Hotels AED	Retail services AED	Catering services AED	Holding AED	Eliminations AED	Total AED
31 December 2023						
Revenue*						
<i>Timing of revenue recognition</i>						
At a point in time	<u>195,013,579</u>	<u>49,209,384</u>	<u>432,984,713</u>	<u>-</u>	<u>(8,003,200)</u>	<u>669,204,476</u>
Direct operating expenses	(144,544,078)	(42,023,907)	(374,819,947)	-	16,172,250	(545,215,682)
Depreciation	<u>(23,035,347)</u>	<u>(428,492)</u>	<u>(3,906,057)</u>	<u>-</u>	<u>-</u>	<u>(27,369,896)</u>
	<u>(167,579,425)</u>	<u>(42,452,399)</u>	<u>(378,726,004)</u>	<u>-</u>	<u>16,172,250</u>	<u>(572,585,578)</u>
Gross profit	27,434,154	6,756,985	54,258,709	-	8,169,050	96,618,898
General and administrative expenses	-	-	-	(24,843,499)	-	(24,843,499)
Share of results of joint ventures accounted for using the equity method	-	-	-	4,774,913	-	4,774,913
Fair value losses on financial assets at fair value through profit or loss	-	-	-	(6,814,767)	-	(6,814,767)
Net reversal of impairment losses on financial assets	79,352	-	-	-	-	79,352
Other income**	-	-	750,847	13,076,171	(8,169,050)	5,657,968
Interest income	-	-	11,085	12,571,993	-	12,583,078
Finance costs	-	-	-	(19,974,359)	-	(19,974,359)
Profit/(loss) for the year	<u>27,513,506</u>	<u>6,756,985</u>	<u>55,020,641</u>	<u>(21,209,548)</u>	<u>-</u>	<u>68,081,584</u>
At 31 December 2023						
Total assets	<u>2,001,291,820</u>	<u>22,171,578</u>	<u>191,438,892</u>	<u>711,189,390</u>	<u>(78,217,127)</u>	<u>2,847,874,553</u>
Total liabilities	<u>53,737,464</u>	<u>20,666,905</u>	<u>115,412,299</u>	<u>467,692,048</u>	<u>(62,478,476)</u>	<u>595,030,240</u>

* The deferred income related to contracts with customers as of 31 December 2023 amounts to AED 6.4 million (note 17).

** Other income includes management fee income from Owned Hotels amounting to AED 3.2 million, which was eliminated in the consolidation process. Investment and other income from managed hotels amounted to AED 3.0 million (note 20).

All the income and expenses relating to operations of the Corporation are generated/incurred in UAE and denominated in UAE Dirham.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

27 Operating leases

The Corporation as lessor

The Corporation has leased out certain units of their building premises and accounted for the rent income. These operating leases relate to certain lease agreements with remaining terms that range between one to three years. The lessees do not have an option to purchase the property at the expiry of the lease period. Future lease payments to be received by the Corporation are as follows:

	2024	2023
	AED	AED
Within one year	2,248,265	2,522,367
In the second year	292,048	1,068,875
In the third year	348,322	59,548
	<u>2,888,635</u>	<u>3,650,790</u>

28 Financial instruments by category

28.1 Capital management

The primary objective of the Corporation's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Corporation manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Corporation may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 2023.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total term loans and lease liabilities less cash and cash equivalents and advances to related parties. Total capital is calculated as 'net/total equity' as shown in the consolidated statement of financial position plus net debt.

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

	2024	2023
	AED	AED
Term loans (note 14)	367,390,900	386,428,557
Lease Liabilities (note 16)	271,544	316,292
Less: cash and cash equivalents (note 11)	(166,518,598)	(119,416,972)
Advances to related parties (note 18)	(4,500,000)	(5,000,000)
Net debt	<u>196,643,846</u>	<u>262,327,877</u>
Net/total equity	<u>2,329,705,418</u>	<u>2,252,844,313</u>
Capital	<u>2,526,349,264</u>	<u>2,515,172,190</u>
Gearing ratio	<u>8%</u>	<u>10%</u>

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

28 Financial instruments by category (continued)

28.2 Classes of financial instruments

	2024 AED	2023 AED
Financial assets		
Financial assets at amortised cost:		
Cash and cash equivalent	166,518,598	119,416,972
Short term deposits	266,986,436	239,076,349
Trade and other receivables (excluding prepayments and advances)	120,698,547	135,521,597
Financial assets at fair value through profit or loss	24,328,882	26,134,090
	<u>578,532,463</u>	<u>520,149,008</u>
Financial liabilities at amortised cost		
Trade and other payables (excluding deferred income)	160,328,376	171,162,333
Term loans	367,390,900	386,428,557
Lease liabilities	271,544	316,292
Income tax payable	5,946,003	-
	<u>533,936,823</u>	<u>557,907,182</u>

28.3 Financial risk management objectives

The Corporation is exposed to the following risks related to financial instruments - credit risk, liquidity risk, and price risk. The Corporation has not framed formal risk management policies, however, the risks are monitored by management on a continual basis. The Corporation does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

28.4 Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Corporation. Key areas where the Corporation is exposed to credit risk are trade and other receivables and bank and cash balances (liquid assets).

The Corporation has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Corporation attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties.

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 Corporation's performance to developments affecting a particular industry or geographic location. Management believes that the concentration of credit risk is mitigated by high credit rating and financial stability of its trade customers.

Balances with banks are assessed to have low credit risk of default since these banks are among the major banks operating in the UAE and are highly regulated by the central bank. The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations generally approximates their carrying value.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

28 Financial instruments by category (continued)

28.5 Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its funding requirements. The table below summarises the maturity profile of the Corporation's non- derivative financial liabilities. The contractual maturities of the financial liabilities have been determined on the basis of the remaining period at the end of the reporting period to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The table below analyses the Group's financial liabilities into relevant maturity based on the remaining period at the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table equal their carrying balances as the impact of discounting is not significant.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

28 Financial instruments by category (continued)

28.5 Liquidity risk (continued)

The maturity profile of the non-derivative financial liabilities at the end of reporting period based on contractual repayment arrangements are as follows:

	On demand AED	Less than 6 months AED	6 to 12 months AED	1 to 5 years AED	More than 5 years AED	Total contractual cash flows AED	Total carrying amount AED
At 31 December 2024							
Term loans	-	18,924,560	31,047,585	190,417,203	127,891,923	368,281,271	367,390,900
Trade and other payables (excluding deferred income)	-	160,328,376	-	-	-	160,328,376	160,328,376
Lease liabilities	-	61,868	-	209,676	-	271,544	271,544
Income tax payable	-	-	5,946,003	-	-	5,946,003	5,946,003
Total	-	179,314,804	36,993,588	190,626,879	127,891,923	534,827,194	533,936,823
At 31 December 2023							
Term loans	-	16,748,560	18,930,560	185,684,278	166,845,894	388,209,292	386,428,557
Trade and other payables (excluding deferred income)	-	171,162,333	-	-	-	171,162,333	171,162,333
Lease liabilities	-	61,868	-	247,472	6,952	316,292	316,292
Total	-	187,972,761	18,930,560	185,931,750	166,852,846	559,687,917	557,907,182

The Corporation does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored by the Corporation's treasury function. All lease obligations are denominated in AED.

NATIONAL CORPORATION FOR TOURISM AND HOTELS

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

28 Financial instruments by category (continued)

28.6 Interest rate risk management

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Corporation. The Corporation is exposed to interest rate risk on its term deposits and bank borrowings that carry both fixed and floating interest rates which are detailed in notes 11 and 14.

(a) *Interest rate sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to variable interest rates mainly arising from bank borrowings, assuming the amount of liability at the end of the reporting period was outstanding for the whole year.

At 31 December 2024, if interest rates on borrowings had been 10 basis points higher/lower with all other variables held constant, profit for the year would have been AED 0.37 million (2023: AED 0.39 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

The Corporation's borrowings are denominated in UAE Dirhams.

28.7 Fair value of financial instruments

The Corporation's management considers that the carrying amount of financial assets and financial liabilities approximates their fair value.

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:

- 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 within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 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).

29 Subsequent event

During the year, the Corporation's Annual General Meeting (AGM) was held, during which the shareholders approved to acquire the entire shareholding of Alpha Dhabi Holding PJSC's subsidiaries: namely, Alpha Dhabi Hospitality Holding LLC and Murban Energy Limited in the following companies (a) ADH Hospitality RSC LTD; (b) Murban (BVI) Holding Inc.; (c) Hill View Resort (Seychelles) Limited (the "Target Companies") in consideration of the issuance of newly issued shares in the Corporation's share capital to Alpha Dhabi Holding PJSC, or any of its subsidiaries, related, allied or sister companies, as determined by Alpha Dhabi Holding PJSC and approved to increase the Corporation's capital from AED 899,026,128 to AED 2,176,933,385 through the issuance of 1,277,907,257 shares with a nominal value of AED 1 each. These shares to be allocated to Alpha Dhabi Holding PJSC, or any of its subsidiaries, related, allied, or sister companies, as determined by Alpha Dhabi Holding PJSC, as consideration for acquiring the Target Companies. Subsequent to the year end on 6th January 2025, the Corporation obtained approval from the Securities & Commodities Authority for the issuance of 1,277,907,257 shares with a nominal value of AED 1 each and the shares issuance was completed in the same month.

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

30 Contingencies and commitments

Bank guarantees

At 31 December 2024, the Corporation had outstanding contingent liabilities in respect of letters of guarantee of AED 31.7 million (2023: AED 51.5 million).

Capital commitments

At 31 December 2024, the Corporation had estimated commitments for other hotel renovation of AED 0.5 million (2023: AED 1.5 million).

The Corporation as lessee

The Corporation leases several buildings for staff accommodations and retail shop purposes and vehicles. The average lease term in the current year is 1 year (2023: 1 year).

There are no right of use assets nor lease liability recognised as of the reporting date in respect of the above, given the fact that all the current lease contracts of the Corporation are short-term leases whereas the Corporation does not have the option to renew the lease contract for future periods without the consent of the lessor or the Corporation has clearly established that they are not intending to do so. The Corporation recognises the lease payments as an operating expense on a straight-line basis over the term of the lease as specified in the accounting policies of the Corporation.

The Corporation disclosed commitments related to the future aggregate minimum lease payments under operating leases as follows:

	2024	2024
	AED	AED
No later than 1 year	<u>7,921,675</u>	<u>6,975,612</u>

31 Approval of consolidated financial statements

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 25 February 2025.