

**FIVE Holdings (BVI) Limited and its subsidiaries**

**Report and consolidated financial statements  
For the year ended 31 December 2025**

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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### **Consolidated financial statements for the year ended 31 December 2025**

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## INDEPENDENT AUDITOR'S REPORT

**The Board of Directors**  
**FIVE Holdings (BVI) Limited and its subsidiaries**  
**P.O. Box 957, Offshore Incorporations Centre**  
**Road Town, Tortola**  
**British Virgin Islands**

### Report on the audit of the consolidated financial statements

#### Opinion

We have audited the consolidated financial statements of **FIVE Holdings (BVI) Limited** (the "Company") and its **subsidiaries** (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

#### Basis for opinion

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

#### Other matter

The consolidated financial statements of the Group for the year ended 31 December 2024, were audited by another auditor who expressed an unmodified opinion on those statements on 21 February 2025.

#### Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of FIVE Holdings (BVI) Limited and its subsidiaries (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 judgment and maintain professional scepticism throughout the audit. We also:

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

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

**Deloitte & Touche (M.E.)**

*Deloitte & Touche*

28 March 2026

Dubai

United Arab Emirates

**FIVE Holdings (BVI) Limited and its subsidiaries**  
**Consolidated statement of financial position**

		As at	
		31 December 2025	31 December 2024
		AED'000	AED'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	8,376,121	8,462,424
Intangible assets	6	996,386	875,449
Right-of-use assets	7	155,837	160,927
		9,528,344	9,498,800
<b>Current assets</b>			
Trade and other receivables	8	376,056	579,589
Prepayments	9	54,903	28,572
Inventories	10	43,897	52,972
Property held for development and sale	11	68,041	54,078
Bank deposits	12(B)	-	345,835
Cash and cash equivalents	12(A)	1,075,218	182,712
		1,618,115	1,243,758
<b>Total assets</b>		11,146,459	10,742,558
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Capital and reserves attributable to Owner of FIVE Holdings (BVI) Limited</b>			
Share capital	13	-	-
Contributed capital	14	252,913	252,913
Statutory reserve	15	2,238	2,238
Revaluation reserve		4,601,193	4,880,460
Foreign currency translation reserve		224,643	(11,388)
Stock based compensation reserve	35	75,163	34,186
Retained earnings		1,391,356	1,418,324
		6,547,506	6,576,733
Non-controlling interests		27,802	31,177
<b>Total equity</b>		6,575,308	6,607,910
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	7	160,104	157,569
Trade and other payables	16	52,360	40,218
Borrowings	17	1,526,567	1,408,120
Retention payables	24	-	9,717
Provision for employees' end of service benefits	19	25,071	19,449
Deferred tax liabilities	20	280,933	234,055
Finance liabilities	21	990,210	884,329
Deferred gain	22	661,654	645,437
		3,696,899	3,398,894
<b>Current liabilities</b>			
Lease liabilities	7	15,837	17,210
Trade and other payables	16	353,333	324,466
Borrowings	17	170,740	10,025
Retention payables	24	50,657	30,920
Contract liabilities	18	-	42,672
Current tax liabilities	25	27,876	25,506
Finance liabilities	21	159,436	168,624
Deferred gain	22	96,373	116,331
		874,252	735,754
<b>Total liabilities</b>		4,571,151	4,134,648
<b>Total equity and liabilities</b>		11,146,459	10,742,558

These consolidated financial statements were approved by the Board of Directors on 28<sup>th</sup> March 2026, and signed on behalf of the Board of FIVE Holdings (BVI) Limited by:

Kabir Mulchandani  
Chairman

Kallol Kundu  
Chief Financial Officer

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

**FIVE Holdings (BVI) Limited and its subsidiaries****Consolidated statement of profit or loss and comprehensive income**

		Year-ended 31 December	
		2025	2024
		AED'000	AED'000
Revenue	26	2,228,663	2,165,422
Cost of sales	27	(1,235,953)	(1,082,652)
Depreciation and amortisation	5,6 & 7	(331,157)	(292,672)
<b>Gross profit</b>		<b>661,553</b>	<b>790,098</b>
General and administrative expenses	28	(255,653)	(292,688)
Selling and marketing expenses	29	(144,167)	(124,586)
Other income	31	15,365	37,912
<b>Operating profit</b>		<b>277,098</b>	<b>410,736</b>
Finance income	32	23,412	23,453
Finance cost	32	(303,267)	(200,447)
Finance cost - net	32	(279,855)	(176,994)
<b>(Loss) / profit before income tax</b>		<b>(2,757)</b>	<b>233,742</b>
Income tax expense	33	(45,984)	(25,352)
<b>(Loss) / profit for the year</b>		<b>(48,741)</b>	<b>208,390</b>
<b>(Loss) / profit for the year attributable to:</b>			
Owner of FIVE Holdings (BVI) Limited		(53,372)	204,045
Non-controlling interests		4,631	4,345
		<b>(48,741)</b>	<b>208,390</b>

	Year-ended 31 December	
	2025	2024
	AED'000	AED'000
(Loss) / profit for the year	(48,741)	208,390
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Revaluation (loss)/ gain on property and equipment (Refer note 5)	(94,560)	126,766
Deferred tax liabilities (reduction) / increase on fair value gain on revaluation of property and equipment (refer note 20)	(29,730)	38,125
<i>Items that will be reclassified to profit or loss:</i>	-	-
Exchange differences on translation of foreign operations	236,031	(95,066)
<b>Total comprehensive income for the year</b>	<b>63,000</b>	<b>278,215</b>
<b>Total comprehensive income for the year attributable to:</b>		
Owner of FIVE Holdings (BVI) Limited	58,369	273,870
Non-controlling interests	4,631	4,345
	<b>63,000</b>	<b>278,215</b>

## FIVE Holdings (BVI) Limited and its subsidiaries

### Consolidated statement of changes in equity

	Attributable to Owner of FIVE Holdings (BVI) Limited									
	Share capital AED'000	Contributed capital AED'000	Statutory reserve AED'000	Revaluation reserve AED'000	Foreign currency translation reserve AED'000	Stock based compensation reserve AED'000	Retained earnings AED'000	Total AED'000	Non- controlling interests AED'000	Total AED'000
<b>At 1 January 2025</b>	-	252,913	2,238	4,880,460	(11,388)	34,186	1,418,324	6,576,733	31,177	6,607,910
(Loss)/ profit for the year	-	-	-	-	-	-	(53,372)	(53,372)	4,631	(48,741)
Other comprehensive income	-	-	-	(124,290)	236,031	-	-	111,741	-	111,741
<b>Total comprehensive income for the year ended 31 December 2025</b>	-	-	-	(124,290)	236,031	-	(53,372)	58,369	4,631	63,000
<i>Transactions with owner in their capacity as owner:</i>										
Dividend (Note 34)	-	-	-	-	-	-	(128,573)	(128,573)	(8,006)	(136,579)
Stock based compensation expense (Note 37)	-	-	-	-	-	40,977	-	40,977	-	40,977
<i>Others:</i>										
Depreciation transfer for property and equipment under revaluation model	-	-	-	(154,977)	-	-	154,977	-	-	-
<b>At 31 December 2025</b>	-	<b>252,913</b>	<b>2,238</b>	<b>4,601,193</b>	<b>224,643</b>	<b>75,163</b>	<b>1,391,356</b>	<b>6,547,506</b>	<b>27,802</b>	<b>6,575,308</b>

	Attributable to Owner of FIVE Holdings (BVI) Limited									
	Share capital AED'000	Contributed capital AED'000	Statutory reserve AED'000	Revaluation reserve AED'000	Foreign currency translation reserve AED'000	Stock based compensation reserve AED'000	Retained earnings AED'000	Total AED'000	Non- controlling interests AED'000	Total AED'000
<b>At 1 January 2024</b>	-	252,913	2,238	4,855,611	83,678	-	1,166,075	6,360,515	28,848	6,389,363
Profit for the year	-	-	-	-	-	-	204,045	204,045	4,345	208,390
Other comprehensive income	-	-	-	164,891	(95,066)	-	-	69,825	-	69,825
<b>Total comprehensive income for the year ended 31 December 2024</b>	-	-	-	164,891	(95,066)	-	204,045	273,870	4,345	278,215
<i>Transactions with owner in their capacity as owner:</i>										
Dividend (Note 34)	-	-	-	-	-	-	(91,838)	(91,838)	(2,016)	(93,854)
Stock based compensation expense (Note 37)	-	-	-	-	-	34,186	-	34,186	-	34,186
<i>Others:</i>										
Depreciation transfer for property and equipment under revaluation model	-	-	-	(140,042)	-	-	140,042	-	-	-
<b>At 31 December 2024</b>	-	<b>252,913</b>	<b>2,238</b>	<b>4,880,460</b>	<b>(11,388)</b>	<b>34,186</b>	<b>1,418,324</b>	<b>6,576,733</b>	<b>31,177</b>	<b>6,607,910</b>

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

## FIVE Holdings (BVI) Limited and its subsidiaries

### Consolidated statement of cash flows

	Notes	Year ended 31 December	
		2025 AED'000	2024 AED'000
<b>Cash flows from operating activities</b>			
(Loss)/ profit before income tax		(2,757)	233,742
<b>Adjustments for:</b>			
Depreciation of property and equipment	5	301,560	258,475
Amortisation of intangible assets	6	8,960	4,263
Depreciation of right-of-use assets	7	20,637	29,934
Interest on lease liabilities	32	12,024	14,268
Interest cost on finance liabilities	32	150,935	138,969
Provision for employees' end of service benefits		9,105	10,883
Amortisation of deferred gain	32	(114,032)	(115,958)
Interest income	32	(23,412)	(23,453)
Interest cost on borrowings	32	192,284	160,047
Other finance cost	32	62,056	3,121
Gain on lease derecognition	31	-	(2,375)
Gain on disposal of subsidiary		(981)	-
Profit on disposal of property and equipment	31	(1,590)	-
Stock based compensation	37	40,977	34,186
<b>Operating cash flows before changes in operating assets and liabilities</b>		<b>655,766</b>	<b>746,102</b>
Trade and other receivables	8	203,533	(8,254)
Prepayments	9	(26,331)	27,770
Inventories		9,075	(25,598)
Property held for development and sale	11	(8,559)	(5,239)
Trade and other payables	16	(21,047)	32,278
Retention payables		10,020	3,299
Due to related parties		-	(7,783)
Contract liabilities	18	(42,672)	(171,906)
Payment for end of service benefits		(3,871)	(5,508)
<b>Cash generated from operations</b>		<b>775,914</b>	<b>585,161</b>
Income taxes paid		(35,116)	(17,106)
<b>Net cash generated from operating activities</b>		<b>740,798</b>	<b>568,055</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	5	(196,320)	(268,202)
Proceeds from disposal of subsidiary		2,750	-
Proceeds from sale of property and equipment		12,867	8,909
Purchase of intangible assets	6	(8,506)	(3,670)
Increase/ decrease of bank deposits	12(B)	345,835	(227,873)
Interest income	32	23,412	23,453
<b>Net cash generated from / (used in) investing activities</b>		<b>180,038</b>	<b>(467,383)</b>
<b>Cash flows from financing activities</b>			
Proceeds from financing arrangements	22,23	213,620	241,582
Payment of finance liabilities	22	(157,571)	(138,969)
Principal element of lease payments	7	(16,858)	(21,701)
Interest paid on lease liabilities	7	(12,024)	(14,268)
Dividends paid	34	(136,579)	(93,854)
Interest paid on borrowings		(147,525)	(144,304)
Repayment of bonds	17	(1,201,322)	(55,102)
Repayment of bank borrowings	17	(8,119)	(311,238)
Proceeds from bank borrowings	17	1,437,883	-
Proceeds from bank overdrafts		5,961	6,858
<b>Net cash used in financing activities</b>		<b>(22,534)</b>	<b>(530,996)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>898,302</b>	<b>(430,324)</b>
Cash and cash equivalents, beginning of the year		182,712	613,779
Effects of exchange rate changes on cash and cash equivalents		(5,796)	(743)
<b>Cash and cash equivalents, end of the year</b>	12	<b>1,075,218</b>	<b>182,712</b>

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

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **1 Legal status and operations**

FIVE Holdings (BVI) Limited (the “Company”) is a Company limited by shares registered on 30 August 2013 with Registrar of Corporate Affairs in British Virgin Islands. The registered address of the Company is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. Kabir Mulchandani is the ultimate controlling party and ultimate beneficial owner (the “Owner”).

The principal activities of the Company, its subsidiaries and joint operations (collectively referred to as the “Group”) comprise providing hospitality services in the United Arab Emirates (UAE), Spain and Switzerland, along with event brands and a merchandise business. The Group is also engaged in real estate development projects in Spain and Dubai.

The consolidated financial statements of the Company include subsidiaries listed in the table below:

Name of entities and country of incorporation	Principal activities	Percentage of ownership/ voting rights on 31 December	
		2025	2024
<i>United Arab Emirates</i>			
FIVE Holding Limited	Holding Company	100	100
SKAI Holdings Group Limited	Holding Company	100	100
FIVE International Holding Limited	Holding Company	100	100
FIVE JBR Holding (DIFC) limited	Property Holding Company	100	100
Devco Real Estate Development LLC	Real Estate development Company	100	100
FIVE Luxe Hotel LLC	Hotel Operating Company	100	100
Assas Investments Limited	Property Holding Company	100	100
FIVE Hotel Jumeirah Village L.L.C	Hotel Operating Company	100	100
Unlimited 1 Limited	Property Holding Company	100	100
FIVE Holiday Homes Rental LLC	Holiday Homes Rental Company	100	100
Rehan Limited	Property Holding Company	100	100
FIVE Hotel FZE	Hotel Operating Company	100	100
FIVE International Hotel Management L.L.C	Hotel Management Company	100	100
FIVE Beach Club Limited (‘FIVE Beach’)	Property Holding Company	85	85
Praia Restaurant FZE (100% subsidiary of FIVE Beach)	Restaurant Operating Company	85	85
FIVE International Hotel Management Limited	Hotel Management Company	100	100
FIVE Music FZ-LLC	Music Production Company	100	100
Pacha Universe Holding Limited	Holding Company	100	100
Sea FIVE Yacht LLC	Water sports Company	100	100
FIVE International Real Estate Brokers LLC	Real estate brokerage Company	100	100
FIVE Mode FZ – LLC*	Garments, Textiles & Gifts E-Trading	100	100
Pacha Events LLC*	Events Organization & Management	100	100
Five Pacha Universe Holding (DIFC) Limited*	Holding Company	100	100
Goose Island Restaurant L.L.C. (100% Subsidiary of Five Hotel Jumeirah Village LLC)*	Restaurant Operating Company	100	-

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **1 Legal status and operations (continued)**

Name of entities and country of incorporation	Principal activities	Percentage of ownership/ voting rights on 31 December	
		2025	2024
<i>Cayman Islands</i>			
Unlimited 1 Development	Holding Company	100	100
Sky's the Limit 1 LLC	Holding Company	100	100
<i>Spain</i>			
Universo Pacha, S.A.	Holding & Night Club Operating Company	100	100
El Hotel Pacha, S.L.	Hotel Operating Company	100	100
Nube, S.L.	Property and Brand holding Company	100	100
Pacha Merchandise, S.L.	Merchandise Operating company	100	100
Pacha Franquicias, S.L.	Franchise Operating Company	100	100
Sweet Pacha, S.L.	Events & Productions	100	100
Nomad Suntribe, S.A.	Events & Productions	100	100
Pacha Multimedia, S.L.	Music Production Company	100	100
Chioro ITG, S.L.U.	Property Holding Company	100	-
<i>United Kingdom</i>			
Toy Room Ltd ('TOY ROOM')	Holding Company and Brand Holding Company	51	51
Toy Room Brand Ltd (100% subsidiary of TOY ROOM)	Franchise Operating Company	51	51
<i>Switzerland</i>			
5 Atlantis A G	Property Holding and Hotel Operating Company	100	100

The consolidated financial statements also include the result of a 50% joint operation interest in Marisol Pacha Ibiza, A.I.E acquired along with Universo Pacha S.A. It is engaged in merchandise business and accounted for under the proportionate consolidation method.

\* Newly incorporated entities during the year 2024.

The consolidated financial statements of the Company include joint venture listed in the table below:

Name of entities and country of incorporation	Principal activities	Percentage of ownership/ voting rights on 31 December	
		2025	2024
Lunaya Holdings (DIFC) Limited**	Holding Company	50	-

\*\* Newly incorporated entity during the year 2025.

#### **2 Material accounting policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented except as mentioned in Note 2.2 (a).

##### **2.1 Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with and comply with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). IFRS Accounting Standards comprise IFRS Accounting Standards and Interpretations issued by the IFRS Interpretations Committee (IFRIC interpretations). The consolidated financial statements have been prepared under the historical cost convention unless otherwise stated. These consolidated financial statements have been presented in UAE Dirhams (AED).

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **2 Material accounting policies (continued)**

##### **2.1 Basis of preparation (continued)**

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies consistent with IFRS Accounting Standards. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements except as disclosed in Note 4.

The consolidated statement of profit or loss is presented on the basis of by function. However, depreciation is separately presented within gross profit and this is considered appropriate presentation as the depreciation is a material line item, and IAS 1 "Presentation of Financial Statements" permits material items to be separately presented.

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

##### **2.2 Change in accounting policies and disclosures**

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the new and amended standards as set out below.

###### **(a) The new standards, interpretations, and amendments in issue and effective are mentioned below:**

The following new and revised IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2025, have been adopted in consolidated financial statements. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

<b>New and revised IFRS Accounting Standard</b>	<b>Summary</b>
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates relating to Lack of Exchangeability	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Other than the above, there are no other significant IFRS Accounting Standards and amendments that were effective for the first time for the financial year beginning on or after 1 January 2025.

###### **(b) New standards, interpretations, and amendments in issue and not yet effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below.

<b>New and revised IFRS Accounting Standards</b>	<b>Effective for annual periods beginning on or after</b>
1. Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: <ul style="list-style-type: none"><li>disclosures regarding the classification and measurement of financial instruments, purchase power arrangements</li><li>gain or loss on derecognition</li><li>disclosure of deferred difference between fair value and transaction price</li><li>introduction and credit risk disclosures</li><li>lessee derecognition of lease liabilities transaction price</li></ul>	1 January 2026
2. IFRS 18 Presentation and Disclosures in Financial Statements	1 January 2026
3. IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
4. Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates relating to Translation to a Hyperinflationary Presentation Currency	1 January 2027
5. Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)	Effective date deferred indefinitely.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **2 Material accounting policies (continued)**

##### **2.2 Change in accounting policies and disclosures (continued)**

The Company anticipates that these new standards, interpretations, and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of Company since the period of initial application.

##### **2.3 Alternative performance measures**

The Group has identified certain measures that it believes will assist the understanding of the performance of the business. These alternative performance measures (“APMs”) are not defined or specified under the requirements of IFRS Accounting Standards. The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS Accounting Standards, provide stakeholders with an additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally. The APMs are not defined by IFRS Accounting Standards and therefore may not be directly comparable with other companies’ alternative performance measures.

The key APMs that the Group uses are earnings before interest, tax, depreciation and amortisation (“EBITDA”) and adjusted net income (“Adjusted net income”). These APMs are set out in note 36 including how it is calculated and how it reconciles to a statutory measure where relevant. EBITDA excludes items (i), (ii), (iii) and (iv) referred below and adjusted net income excludes items (iv) and (v) referred below.

###### **i. Exceptional items**

The Group classifies certain one-off charges or credits that have a material impact on the Group’s financial results as ‘exceptional items’. These are disclosed separately to provide further understanding of the financial performance of the Group. Management splits out these costs for internal purposes when reviewing the business.

###### **ii. Pre-opening costs**

Pre-opening costs can vary significantly depending on the number of new hotels acquired and opened in any period, and so do not reflect the costs of the day-to-day operations of the business. These costs are therefore split out in order to aid comparability with prior periods. Hotel pre-opening costs refer to costs incurred in getting new sites operational, and primarily include costs incurred before opening and in preparing for launch.

###### **iii. Acquisition-related costs**

Acquisition-related costs are costs incurred to effect a business combination. Those costs include advisory, legal, accounting, valuation and other professional or consulting fees including employees bonuses in connection with the successful completion of a transaction. Acquisition-related costs are expensed in the period in which the costs are incurred, and the services are received.

###### **iv. Stock based compensation expense**

Stock-based compensation expense is a non-cash expense arising from the grant of stock-based awards to employees. Excluding the effect of stock-based compensation from EBITDA assists management in making period-to-period comparisons in Group’s operating performance because (i) the amount of such expenses in any specific period may not directly correlate to the underlying performance of the business operations and (ii) such expenses can vary significantly between periods as a result of the timing of grants of new stock-based awards, including grants in connection with acquisitions. Additionally, excluding stock-based compensation from EBITDA assists management in making meaningful comparisons between our Group’s operating performance and the operating performance of other companies that may use different forms of employee compensation or different valuation methodologies for their stock-based compensation.

###### **v. Depreciation on revaluation of property and equipment**

The depreciation expense on revalued amount of property and equipment is a non-cash adjustment and does not reflect the Group’s operating expense. Therefore, adding back this depreciation expense to net income provides a clearer view of the Group's operational performance.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **2 Material accounting policies (continued)**

##### **2.4 Basis of consolidation**

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

Specifically, the Group controls an investee if, and only if, the Group has:

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

##### *(a) Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

##### *(b) Business combination and goodwill*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Any subsequent change to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in consolidated statement of profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

Inter-company transactions, balances, income and expenses on transactions between the Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group.

Transfer of businesses under common control is accounted for under the uniting of interest method. Business combinations involving entities under common control do not fall under the scope of IFRS 3 "Business Combinations". Under the uniting of interest method there is no requirement to fair value the assets and liabilities of the transferred

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **2 Material accounting policies (continued)**

entities and hence no goodwill is created as the balances remain at book value. The results and cash flows of the subsidiaries are consolidated from the beginning of the comparative financial period. The consolidated statement of comprehensive income and the consolidated statement of financial position comparatives are also presented as if the Company had been the intermediate parent undertaking of the Group throughout the current and previous year. The aim is to present the consolidated financial statements as though the Group had always been consolidated.

##### *(c) Disposal of subsidiaries*

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

This may mean that amounts previously recognised in other comprehensive income are reclassified to consolidated statement of profit or loss.

##### *(d) Acquisitions that do not meet the definition of a business*

When an entity is acquired which under IFRS 3 meets the definition of an asset acquisition as opposed to a business combination, the individual assets and liabilities acquired are identified, and the cost of the transaction is allocated to the assets acquired and liabilities assumed based on their relative fair values at the date of purchase. No goodwill is recognised on these transactions. All transactions costs are capitalised as part of the assets acquired.

#### **2.5 Foreign currency translation**

##### *(a) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Company's presentation and functional currency.

##### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the average exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in consolidated statement of profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised consolidated statement of profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income.

##### *(c) Consolidation of the foreign operations*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows: assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; income and expenses for each consolidated statement of profit or loss and consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **2 Material accounting policies (continued)**

##### **2.5 Foreign currency translation (continued)**

approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and all resulting exchange differences are recognised in other comprehensive income.

##### *(c) Consolidation of the foreign operations (continued)*

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income ('foreign currency translation reserve'). When a foreign operation is sold, the associated exchange differences are reclassified to consolidated statement of profit or loss, as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

##### **2.6 Property and equipment**

Land, buildings and capital work-in-progress are initially recognised at cost, and classified as buildings upon commissioning, are stated at fair value based on annual valuations performed by external independent valuers less impairment and depreciation. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. All other property and equipment are stated at historical cost less depreciation. 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 Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in revaluation reserve in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in consolidated statement of profit or loss, the increase is first recognised in consolidated statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to consolidated statement of profit or loss. Each year, the difference between the depreciation based on the revalued carrying amount of the asset charged to consolidated statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property and equipment revaluation reserve to the retained earnings.

The leasehold improvements are depreciated over the period of lease or life of asset whichever is less.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

<b>Type of assets</b>	<b>Years</b>
Buildings	30-50
Equipment	4 - 5
Furniture and fixtures	5
Motor vehicles	5
Leasehold improvements	5-30

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each consolidated statement of financial position date. An asset carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **2 Material accounting policies (continued)**

##### **2.6 Property and equipment (continued)**

Gains and losses on disposals are determined by comparing proceeds with the asset's carrying amount. These are recognised in the consolidated statement of comprehensive income. When revalued assets are sold, the amounts included in revaluations reserves are transferred to retained earnings.

When commissioned, capital work-in-progress is transferred to the respective category and depreciated in accordance with the Group's policy consistent with IFRS Accounting Standards.

Transfers between property and equipment, and property held for development and sale are made when there is a change in use evidenced by commencement of owner-occupation or development with a view to sale, end of owner-occupation or commencement of an operating lease to another party, as applicable. All transfers are made at carrying value on the date of transfer.

##### **2.7 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category that is consistent with the function of the intangible assets. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

A summary of the policies applied to the Group's intangible assets is, as follows:

##### **Goodwill**

Goodwill is measured as described in note 2.4(b). Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

##### **Trademarks**

Trademarks acquired in business combination are recognised at fair value at the acquisition date and subsequently reduced by accumulated amortisation and impairment losses. Considering the strength of the trademark and

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **2 Material accounting policies (continued)**

##### **2.7 Intangible assets (continued)**

expectation of the market participant to modify or replace the brand, Destino trademark has a finite life of 3 years and Pacha has indefinite useful life which were acquired by the Group as part of acquisition of Pacha.

##### **Computer software**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives which is normally a period of 5 years.

##### **Franchise contracts**

Franchise contracts acquired in business combination are recognised at fair value at the acquisition date and subsequently reduced by accumulated amortisation and impairment losses. Munich and Barcelona franchise contractual arrangement is for 5 years which were acquired by the Group as part of acquisition of Pacha (note 35).

##### **2.8 Financial instruments**

###### *Financial instruments*

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. 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 consolidated statement of profit or loss.

###### *Financial assets at amortised cost*

The Group classifies its financial assets at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group's financial assets include cash and cash equivalents, due from related parties, and trade and other receivables (excluding advances to suppliers, prepayments and municipality fees receivable). There are no financial assets carried at fair value through profit and loss or through other comprehensive income.

At initial recognition, the Group measures financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Such financial assets are subsequently measured at amortised cost using the 'EIR' method less impairment. 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 in finance income in the consolidated statement of profit or loss. The losses arising from impairment and subsequent reversal of such losses are recognised in the consolidated statement of profit or loss under Net impairment reversal / (losses) on financial assets (excluding advances to suppliers, prepayments and municipality fees receivable).

- Cash and cash equivalents comprise balances in current accounts at banks and cash on hand including escrow accounts.
- Trade receivables are amounts due from customers for properties sold or services provided in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **2 Material accounting policies (continued)**

##### **2.8 Financial instruments (continued)**

- Contract assets or unbilled receivables relate to the Group's right to receive consideration for the satisfied performance obligations but not billed at the reporting date, unbilled receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

##### *Impairment of financial assets*

The Group's financial assets that are subject to the expected credit loss model are trade and other receivables (excluding advances to suppliers, prepayments and municipality fees receivable).

While cash and cash equivalents and short-term deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and unbilled receivables. To measure the expected credit losses, trade receivables and unbilled receivables have been grouped based on shared credit risk characteristics and the days past due. The unbilled receivables relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the unbilled receivables. The Group has established a provision matrix that is based on the Group's historical credit loss experience, which is adjusted for expected cash flows from the realisation of the assets' collateral, if any, and further adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and unbilled receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Impairment losses on trade receivables and unbilled receivables are written off when there is no reasonable expectation of recovery. The Group initially assesses a receivable for write-off when a debtor fails to make contractual payments greater than 360 days past due. Subsequent recoveries of amounts previously written off are credited against the same line item. The Group has identified the inflation rate of the of the country in which it operates as the most relevant factor, and accordingly adjusts the loss rates based on expected changes in these factors.

At each reporting date, the Group assess whether financial assets carried at amortised cost are impaired. Evidence of credit impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and an observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The company also on case-to-case basis assesses the risk of default for amounts outstanding for over 90 days.

##### *Recognition and derecognition of financial assets*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

A financial asset is derecognised when:

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

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **2 Material accounting policies (continued)**

##### **2.8 Financial instruments (continued)**

transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

##### **2.9 Financial liabilities**

###### *Classification and measurement*

The Group classifies its financial liabilities at amortised cost which include trade and other payables (excluding advances from customers, VAT payable and municipality fee payable), bank borrowings, finance liability, lease liability, retention payable, contract liabilities and due to related parties. There are no financial liabilities carried at fair value through profit and loss or through other comprehensive income.

###### *Financial liabilities at amortised cost*

###### *Trade payables*

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

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

###### *Other liabilities at amortised cost*

The Group has entered into agreements with buyers-lessors of condo hotel units sold in current and previous years. The terms of these arrangements are such that they are in substance financing arrangements, whilst the legal form reflects a sale and lease back. As per the significant judgements made in note 4.6a, it has been assessed that the arrangements meet the definition of a financial liability. At initial recognition these arrangements are measured at fair value taking into account the estimated future cash flows to be generated from these arrangements. The estimated cash flows are based on the terms of the contractual arrangements, these arrangements include both fixed and variable payment terms.

The expected cash flows are discounted using the effective interest rate method ("EIR Method"), using a discount rate which is reflective of the risks inherent with such an arrangement. The determination of the discount rate is considered a significant judgement and the assumptions have been disclosed in Note 4.6b. The interest expenses recognised using effective interest rate method in the consolidated statement of profit or loss within 'Finance cost'.

Upon discounting the cash flows using the EIR Method, the financial liability is recognised at fair value. Due to the assumptions used in determining the discount rate, this results in a day 1 difference in the fair value of the cash flows. For the arrangements in place at the reporting date, there was a day 1 gain, which is deferred on the balance sheet as the measurement of these instruments was not based on observable market prices and therefore cannot be recognised in the Statement of Comprehensive Income on day 1. The gain has been deferred and is being amortised over systematic basis relative to the underlying term of the financing arrangements. These amounts are recognised in the consolidated statement of profit or loss as reduction in finance cost.

The deferred gain is presented in the consolidated statement of financial position separately from the underlying financial liability. At the end of each reporting period, the Group will re-estimate the future cash outflows based on revised assumptions, and discount these using the original EIR. Any difference between the carrying value of financial liability and the re-estimated liability value will be recognised in the consolidated statement of profit or loss within finance costs.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **2 Material accounting policies (continued)**

##### **2.9 Financial liabilities (continued)**

The financial liability is split between current and non-current based on the expected cash out flow within twelve months from the reporting date. The deferred day 1 gain or loss is split between current and non-current based on the expected amortisation to consolidated statement of profit or loss within twelve months from the reporting date.

##### *Derecognition of financial liabilities*

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

##### **2.10 Offsetting financial instruments**

Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

##### **2.11 Trade receivables and unbilled receivables**

Trade and unbilled receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

The carrying amount of the asset is reduced through the use of a loss allowance account, and the amount of the loss is recognised in the consolidated statement of comprehensive income.

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

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, current accounts including restricted cash held with financial institutions.

##### **2.13 Provision for employees' end of service benefits**

An accrual is made for employee's entitlements to annual leave and leave passage as a result of service rendered by the employees up to the reporting date.

A provision is made, using actuarial techniques, for the full amount of end of service benefits due to non-UAE national employees in accordance with the UAE Labour Law for their periods of service up to the statement of financial position date. The accrual relating to annual leave and leave passage is disclosed as a current liability and included in other payables, while that relating to end of service benefits is disclosed as a non-current liability in the consolidated statement of financial position.

The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and have terms approximating to the estimated term of the retirement benefit obligations.

Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognised in equity through the consolidated statement of comprehensive income in the period in which they arise.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **2 Material accounting policies (continued)**

##### **2.14 Contract liabilities**

Instalments received from customers, for sale of property, prior to meeting the revenue recognition criteria, are recognised as contract liabilities. These are subsequently released to the consolidated statement of comprehensive income once the revenue recognition criteria are met.

##### **2.15 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised as interest expense.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

##### **2.16 Property held for development and sale (“PHDS”)**

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as Property held for development and sale (“PHDS”) and are stated at the lower of cost or net realisable value. Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction including the cost of construction of buildings; and
- Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and applicable variable selling expenses.

##### **2.17 Impairment of non-financial assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to depreciation/amortisation are reviewed for impairment (other than land and buildings classified under property and equipment) whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (“cash generating units”). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. A reversal of an impairment loss for an asset shall be recognised immediately in the consolidated statement of profit or loss. After a reversal of an impairment loss is recognised, the depreciation/amortisation charge of the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less residual value over the remaining useful life.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **2 Material accounting policies (continued)**

##### **2.18 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right or has met all conditions (if applicable) to defer settlement of the liability for at least twelve months after the reporting date.

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. Both specific and general borrowing costs are capitalised using appropriate capitalisation rates. In all cases, the amount of borrowings capitalised is limited to the amount of borrowing costs actually incurred during the year.

The capitalisation of borrowing costs commences from date of incurring the expenditure relating to the qualifying asset and ceases when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Borrowing costs relating to the period after acquisition, construction or production are expensed.

##### **2.19 Revenue from contracts with customers**

###### *Revenue from contracts with customers*

IFRS 15 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers. It establishes a five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

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

- Step 1 Identify the contract 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 each of those rights and obligations.
- Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.
- Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.
- Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5 Recognise revenue as and when the Group satisfies a performance obligation.

The Group recognises revenue over time if any one of the following criteria is met:

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

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **2 Material accounting policies (continued)**

##### **2.19 Revenue from contracts with customers (continued)**

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

Revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of variable consideration and payments to customers, which are not for distinct services, which may include discounts, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised in the consolidated statement of profit or loss to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

The Group is acting as principal in contractual arrangements with customers discussed in (a) to (c).

##### *(a) Revenue from sale of property held for development and sale*

Revenue on sale of development properties is recognised when control over the properties has been transferred to the customer, in some circumstances this is over time, where the criteria as per IFRS 15 paragraph 35 is met and in other circumstances revenue is recognised at a point in time, when the customer has control of the property and is able to direct the use of the property, this is typically when the customer has taken possession of the property

##### *Over time contracts*

However, the Group has determined that, for its typical contracts, its performance does not create an asset with alternative use to the Group and it has concluded that, at all times, it has an enforceable right to payment for performance completed to date. Therefore, control transfers over time for these contracts. For contracts that meet the overtime revenue recognition criteria, the Group's performance is measured using an input method, by reference to the costs incurred to the satisfaction of a performance obligation (e.g., resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the completion of the property.

The Group excludes the effect of any costs incurred that do not contribute to the Group's performance in transferring control of goods or services to the customer (such as unexpected amounts of wasted materials, labour or other resources) and adjusts the input method for any costs incurred that are not proportionate to the Group's progress in satisfying the performance obligation (such as uninstalled materials).

Infrastructure costs allocated to each project are released to the consolidated statement of profit or loss, as cost of properties sold within 'cost of sales', based on the percentage of construction completed for each project and the percentage of infrastructure cost incurred at each period end to the total estimated infrastructure cost.

Payment is usually received on an instalment plan over the period of construction.

##### *(b) Room revenue*

Revenue from rental of rooms is recognised over time, net of discounts and municipality fees where applicable, when the rooms are rented, and the services are rendered. Payment is usually received upon booking for individual guests and on extended credit terms for certain other channels of distribution.

##### *(c) Food and beverage revenue*

Restaurant revenue from sales of food and beverages and other services is recognised when goods are sold and services are rendered, respectively. Amounts recognised are net of discounts and municipality fees where applicable. Mandatory service charge and surcharge collectible are included in revenue. Revenue is recognised at the point in time at which the performance obligation is satisfied.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **2 Material accounting policies (continued)**

##### **2.19 Revenue from contracts with customers (continued)**

###### *(d) Event admission*

The Group recognizes revenue from event admission when it is earned and the amount can be reliably measured. Revenue is considered earned when the events or nightclub services have been provided to the customer. Revenue from event admission is recognized at the point of entry to the event or nightclub.

##### **Other operating departments**

###### *(a) Merchandise revenue*

Merchandise revenue from the sale of clothing and apparels and accessories is recognised when goods are sold and control over the merchandise has transferred to the customers.

###### *(b) Hotel ancillary services revenue*

Revenue from provision of other ancillary services is recognised over time, net of discounts and municipality fees where applicable, when the services are rendered.

The revenue is recognised net of discounts and taxes, wherever applicable.

##### **2.20 Dividends distribution**

The liability for dividend is provided for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

##### **2.21 Share capital**

Ordinary shares are classified as equity.

##### **2.22 Leases**

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

- the contract involved the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At the inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **2 Material accounting policies (continued)**

##### **2.22 Leases (continued)**

###### *As a lessee*

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-to-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discounted rate, which is determined in a range of 4% to 12% per annum depending on the tenure of the lease and the location of the leased asset.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or terminate option.

Lease liability is subsequently increased by the finance costs on the lease liability and decreased by lease payments made. Each lease payment is allocated between the liability and finance cost. The finance costs are charged to the consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the consolidated statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

###### *Short-term leases and leases of low-value assets*

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases including holiday homes agreement that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

###### *As a lessor*

When the Group acts as a lessor more specifically, for the retail spaces within the hotel premises, it determines at the lease commencement whether each lease is a finance lease or an operating lease. To classify each lease the Group makes an overall assessment of whether the lease transfer to the lessee substantially all of the risk and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance leases; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for major part of the economic life of the asset.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **2 Material accounting policies (continued)**

##### **2.22 Leases (continued)**

###### *As a lessor (continued)*

When assets are leased out under an operating lease, the asset is included in the consolidated statement of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Revenue'.

###### *Sales and leaseback*

For sale and leaseback transactions, the Group considers whether the initial transfer of the underlying asset to the buyers-lessors is a sale. The Group applies IFRS 15 to determine whether a sale has taken place. When the transfer to buyers-lessors is a sale, the Group derecognises the underlying asset and applies the lessee accounting model to the leaseback, the Group measures the right-of-use asset at the retained portion of the previous carrying amount (i.e., at cost), and recognises only the amount of any gain or loss related to the rights transferred to the lessors. When the transfer to buyers-lessors is not a sale, the Group continues to recognise the underlying asset, and recognises a financial liability for any amount received from the buyers-lessors. On or after the commencement of the hotels' operations, the Group has entered into a sale and leaseback agreements with customers (buyers-lessors) to sell and leaseback hotel room units. Management has performed the assessment of the above transaction and concluded that the transfer of hotel room units satisfies the requirements of IFRS 15 to be accounted for as a sale.

The Group has entered into lease agreements with buyers-lessors of most of the hotel apartments sold in previous years (sale and leaseback agreements). The lease contracts were made for a period of 5 years for hotel apartments. Lease amount is based on variable payment terms which is equivalent to 40% of room revenue of the hotels net off admissible expenses. This lease amount is fully contingent on the performance of the hotels operated by the Group and there are no minimum lease payments stated per lease agreement. The Group recognised the right of use asset at the proportion of the cost of assets that relates to the right of use retained by the Group. The lease liabilities arising from above lease transactions is measured at the present value of the lease payments, discounted using the Group's incremental borrowing rate (6.0% per annum). Incremental borrowing rate is that rate the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

##### **2.23 Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

##### **2.24 Value Added Tax**

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

- a) When the VAT incurred on a purchase of assets or goods or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
- b) When receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

##### **2.25 Taxes**

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate in a particular jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **2 Material accounting policies (continued)**

##### **2.25 Taxes (continued)**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statement of financial position. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognized in consolidated statement of other comprehensive income or directly in consolidated statement of changes in equity, respectively.

Regarding UAE corporate taxes, the Group has chosen to consolidate its tax filings for UAE resident entities, excluding those with non-controlling interests. It will register as a single tax group for the purpose of submitting its income tax return.

#### **3 Financial risk management**

##### **3.1 Financial risk factors**

The management of the Group's sets out the overall business strategies and its risk management philosophy. The board provides guidance for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **3 Financial risk management (continued)**

##### **3.1 Financial risk factors (continued)**

###### *(a) Market risk*

###### *(i) Currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rate. There are no material monetary assets and liabilities in the currency other than functional currency of the entities in the Group. The Group may be exposed to currency and translation related risks on its investments in foreign subsidiaries.

The table below summarises the sensitivity of the Group's net investment in foreign subsidiaries to changes in foreign exchange movements at year end. The analysis is based on the assumptions that the relevant foreign exchange rate increased / decreased by 5% with all other variables held constant:-

	<b>Assets</b>	<b>Liabilities</b>	<b>Net Exposure</b>	<b>Effect on Net Equity for +/- 5% sensitivity</b>
	<b>AED' 000</b>	<b>AED' 000</b>	<b>AED' 000</b>	<b>AED' 000</b>
<b>2025</b>				
Euro	1,216,404	(389,848)	826,555 +/-	41,328
Pound sterling	2,867	(8)	2,859 +/-	143
Swiss Franc	514,056	(160,122)	353,934 +/-	17,697
	<b>1,733,327</b>	<b>(549,978)</b>	<b>1,183,349</b>	<b>59,167</b>
<b>2024</b>				
Euro	1,130,534	(256,115)	874,419 +/-	43,721
Pound sterling	3,110	(121)	2,989 +/-	149
Swiss Franc	685,643	(197,308)	488,335 +/-	24,417
	<b>1,819,287</b>	<b>(453,544)</b>	<b>1,365,743</b>	<b>68,287</b>

The fluctuation in exchange rates are monitored on a continuous basis by the management and relevant decisions are taken by the management to reduce the risk and impact of the fluctuations.

###### *(ii) Price risk*

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all the instruments traded in the market. The Group has no significant exposure to price risk as it does not hold any listed equity securities or commodities.

###### *(iii) Cash flow and fair value interest rate risk*

The Group is exposed to interest rate risk on its interest-bearing liabilities. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings and lease liabilities at fixed rates expose the Group to fair value interest rate risk. The ratio of variable rate borrowings to fixed rate borrowings is 12:88 (2024: 19:81 variable rate borrowings).

As at 31 December 2025, a 1% increase or decrease in variable interest rates, with all other factors unchanged, would have increased or decreased (loss)/ profit for the year by AED 5,101 thousand (2024: AED 6,512 thousand), reflecting higher or lower interest expense

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **3 Financial risk management (continued)**

##### **3.1 Financial risk factors (continued)**

###### *(a) Market risk (continued)*

###### *(iii) Cash flow and fair value interest rate risk (continued)*

The group's primary interest rate risk arises from long-term borrowings with fixed rates, which expose the group to cash flow interest rate risk. During 2025 and 2024, the group's fixed-rate borrowings were predominantly denominated in USD. As of the financial statement, the fixed-rate borrowings issued during the year amounted to AED 210,932 thousand, while the variable interest rate borrowings stood at AED 1,486,375 thousand. Consequently, there is a difference of AED 106,392 thousand between the fair value and the amortized cost.

Management monitors on periodic basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken. The Group does not hedge its exposure to interest rate risk.

###### *(b) Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. When such an event happens, it is considered as a default event. The Group is exposed to credit risk in relation to its monetary assets, mainly trade receivables, unbilled receivables, other receivables and bank balances. The Group has no other significant concentrations of credit risk.

###### *Bank balances*

Bank balances are limited to high-credit-quality financial institutions. The table below presents an analysis of bank balances by rating agency designation at the end of reporting period based on Moody's ratings or Capital Intelligence (CI) its equivalent for the main banking relationships:

<b>Moody's/ CI Rating</b>	<b>As at 31 December 2025 AED'000</b>	<b>As at 31December 2024 AED'000</b>
Baa1	572,395	320,501
A2	5,917	14,581
A3	-	894
Aa2	4,117	3,426
B	304,022	85,369
A1	184,721	100,907
	<b>1,071,171</b>	<b>525,678</b>

The table above excludes cash on hand amounting to AED 4,047 thousand (2024: AED 2,869 thousand).

As at 31 December 2025, balances with two banks accounted for 81% (2024: two banks accounted for 80%) of the cash and cash equivalents of the Group.

Management is of the opinion that having sound credit rating, obtaining simultaneous loan facilities from local and international banks and RERA secured escrow balances will not result in a significant loss to the Group.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **3 Financial risk management (continued)**

##### **3.1 Financial risk factors (continued)**

###### *(b) Credit risk (continued)*

###### *Trade and other receivables*

Trade receivables are either made to customers with an appropriate credit history or secured by deposits and/or underlying real estate assets, which can be called upon if the counterparty is in default under the terms of the agreement. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Group has entered into contracts for the sale of residential units on an instalment basis. The instalments are specified in the contracts. The Group is exposed to credit risk in respect of instalments due. However, the legal ownership of residential units is transferred to the buyer only after all the instalments are collected. In addition, instalment dues are monitored on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information including significant changes in the value of the collateral supporting the obligation.

###### *Other financial assets*

With respect to the credit risk arising from other financial assets of the Group, including other receivables, the Group's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these assets.

###### *Excessive risk of concentration*

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

In order to avoid excessive concentration of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

###### *(c) Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines. Cash flow forecasting is performed by the Group on an ongoing basis to ensure it has sufficient cash to meet operational needs.

Liquidity risk management is carried out by a central treasury department at the Group level. Surplus cash held by the Group over and above the balance required are used for the payment of debt and to reduce the interest charges.

The below table analyses the Group's financial liabilities into relevant maturity Groupings based on the remaining period at the consolidated statement of financial position to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The amounts disclosed in the table are the contractual undiscounted cash flows.

## FIVE Holdings (BVI) Limited and its subsidiaries

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

#### 3 Financial risk management (continued)

##### (c) Liquidity risk (continued)

	Contractual maturities of financial liabilities				Carrying value AED'000
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total contractual cash flows	
	AED'000	AED'000	AED'000	AED'000	
<b>At 31 December 2025</b>					
Trade and other payables * (note 16)	255,422	36,632	113,051	405,105	353,340
Borrowings (note 17)	249,537	1,674,993	-	1,924,530	1,697,307
Finance liabilities (note 21)	159,436	843,928	3,033,961	4,037,325	1,149,646
Lease liabilities (note 7)	26,199	97,722	166,217	290,138	175,941
Retention payables	50,657	-	-	50,657	50,657
	<b>741,251</b>	<b>2,653,275</b>	<b>3,313,229</b>	<b>6,707,755</b>	<b>3,426,891</b>

	Contractual maturities of financial liabilities				Carrying value AED'000
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total contractual cash flows	
	AED'000	AED'000	AED'000	AED'000	
<b>At 31 December 2024</b>					
Trade and other payables * (note 16)	292,443	43,774	-	336,217	332,661
Borrowings (note 17)	122,957	1,734,682	-	1,857,639	1,418,145
Finance liabilities (note 21)	168,700	699,682	3,612,376	4,480,758	1,052,953
Lease liabilities (note 7)	28,678	91,670	175,961	296,309	174,779
Retention payables	30,919	9,717	-	40,636	40,636
	<b>643,697</b>	<b>2,579,525</b>	<b>3,788,337</b>	<b>7,011,559</b>	<b>3,019,174</b>

\*Excluding advance from customers, VAT payable and current taxes payable.

#### 3.2 Capital risk management

The Groups' objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Refer to Note 17 for covenants related information.

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 borrowings, finance liabilities, and lease liabilities less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt, if any. Changes in liabilities arising from financing activities are included in Note 22.

The gearing ratio as at 31 December 2025 and 2024 were as follows:

	As at 31 December	
	2025 AED'000	2024 AED'000
Total borrowings (Note 17)	1,697,307	1,418,145
Total finance liabilities (Note 21)	1,149,646	1,052,953
Total lease liabilities (Note 7)	175,941	174,779
Less: cash and bank balances (Note 12)	(1,075,218)	(528,547)
Net debt (A)	1,947,676	2,117,330
Total equity (B)	6,575,308	6,607,910
Total capital ((C) = (A) + (B))	8,522,984	8,725,240
<b>Gearing ratio ((A)/(C))</b>	<b>23%</b>	<b>24%</b>

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **3 Financial risk management (continued)**

##### **3.3 Fair value estimation**

The financial instruments carried at fair value by valuation method are categorised as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group does not carry any financial asset or and liability that is measured at fair value at 31 December 2025. The Group's non-financial assets carried on the revaluation model is disclosed in Note 5. These assets are included in Level 3.

As at 31 December 2025 and 2024, the carrying value of financial assets and liabilities approximate their fair values. For lease liabilities, the fair value is determined by discounting the future contractual cash flows at the current market interest rate at the time of lease commencement that is available to the Group for similar financial instruments.

#### **4 Critical accounting judgements, estimates and assumptions**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements 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.

##### *4.1 Determination of lessee's incremental borrowing rate (judgement and estimates)*

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Generally, the Group uses the rate as stated below:

- incremental borrowing rate of 4.29% per annum for Group's lease initially recognised in 2021 in Zurich for 35 years;
- incremental borrowing rate of 6% per annum for leases up to 10 years or less (staff accommodation (initially recognised in 2019), beach lease of FIVE Palm hotel (initially recognised in 2019) and seabed lease of FIVE Luxe JBR hotel (initially recognised in 2021);
- discount rate of 12% per annum for lease with 25 years tenure (FIVE Luxe JBR hotel – Beach lease (initially recognised in 2021);
- incremental borrowing rate ranging from 6.40% per annum to 8.95% per annum depending on the period of the lease for Group's leases in Spain (initially recognised in 2023); and
- incremental borrowing rate of 9.625% per annum for leases up to 5 years or less (staff accommodation (initially recognised in 2023).

##### *4.2 Presentation and measurement of provision for employees' end of service benefits (estimate)*

During the year, the estimated provision for employees' end of service benefits were valued by an external, independent and qualified actuary using projected unit credit method. The Group makes significant estimates in relation to the discount rates, mortality rates and inflation rates used to calculate the present value of the defined benefit obligation. Note 19 describes the assumptions used together with an analysis of the sensitivity to changes in key assumptions.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **4 Critical accounting judgements, estimates and assumptions (continued)**

##### *4.3 Useful lives and residual values of property and equipment and intangible assets (estimate)*

Management assigns useful lives and residual values to 'Property and equipment' and 'intangible assets' based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances such as technological advances and prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Where management determines that the useful life of an asset group or residual value of the asset requires amendment, the net book amount in excess of the residual value is depreciated over the revised remaining useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

##### *4.4 Impairment of financial assets (estimate)*

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

##### *4.5 Impairment of non-financial assets (estimate)*

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

##### *4.6 Revenue recognition (estimate)*

The Group uses the percentage-of-completion method in accounting for its Revenue from sale of property held for development and sale. Use of the percentage-of-completion method requires the Group to estimate the stage of completion of the contract to date as a proportion of the total contract work to be performed in accordance with the accounting policy set out in (Note 2.16). As a result, the Group is required to estimate the total cost to completion of all outstanding projects at each year end.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in consolidated statement of profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in consolidated statement of profit or loss in the period in which the circumstances that give rise to the revision become known by management.

##### *4.7a Accounting for financing arrangements (judgement)*

Management has assessed whether transactions relating to certain sale and leaseback arrangements meet the criteria for a sale under the requirements of IFRS 15 "Revenue from contracts with customers". In assessing the control criteria in IFRS 15, management judged that whilst contractually a sale takes place, control does not pass to the customer, as the customer cannot obtain economic benefits from the arrangement akin to purchasing an asset. Therefore, the arrangements are not within the scope of IFRS 15. Notwithstanding the control criteria, management also assessed that the overall substance of these transactions were financing in nature and hence also do not meet the criteria to recognise a lease under IFRS 16 "Leases".

Management has concluded that these arrangements should be accounted for as financial liabilities as per IFRS 9 "Financial Instruments" and the accounting policy is set out in Note 2.8.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **4 Critical accounting judgements, estimates and assumptions (continued)**

##### *4.7b Determination of discount rate for financing arrangement (estimate)*

The payments in relation to the financing arrangements described above are discounted using the prevailing market rate of interest. Generally, the Group uses the prevailing market rate of interest as the discounted rate, which is determined to be 12.69% per annum to 12.71% per annum (2024: 16% per annum). The assumptions used in determining the discount rate were consistent with risk inherent with similar arrangements. The assumptions were determined using external valuers (it was taken 12.7% in CY).

Below is a sensitivity analysis in isolation of the key assumptions used to determine the impact on finance liability and deferred gain:

<b>Key assumptions</b>	<b>Change</b>	<b>Finance liability</b>		<b>Deferred gain</b>	
		<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
		<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
Discount rate	+0.5%	(35,470)	(11,330)	10,371	9,900
	-0.5%	37,576	12,087	(12,259)	(10,576)

##### *4.8 Revaluation of land and building classified as property and equipment (estimate)*

During the year, the estimated fair value of land and buildings were revalued by an external, independent and qualified valuer.

The Group's property and equipment was valued as at 31 December 2025 categorised under level 3 fair value hierarchy.

##### *4.8.1 Revaluation of land and buildings in FIVE Jumeirah Village hotel and FIVE Hotel Palm Jumeirah*

The revaluation was supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate (discounted cash flow method) by an external, independent, and qualified valuer.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of the revalued assets. The key assumptions on which management has based its cash flow projections when determining the recoverable amount of the assets are as follows:

- Management's projections have been prepared on the basis of strategic plans, knowledge of the market, and management's views on achievable growth in retail market share over the long-term year of ten years;
- Terminal value upon exit of the 10-year cash flows projection at the rate of 8.10% for Five Hotel Jumeirah Village hotel and 7.80% for Five Hotel Palm Jumeirah
- The discount rate of 10.10% for Five Hotel Jumeirah Village hotel and 9.80% for Five Hotel Palm Jumeirah is reflective of the return that an investor would make from a similar retail investment.

The determined fair value is most sensitive to the discount rate and capitalisation rate to calculate the terminal value.

Below is a sensitivity analysis in isolation of the key assumptions used to determine the fair value of the investment. The table reflects change in the fair value with change in key assumptions.

<b>Key assumptions</b>	<b>Change</b>	<b>FIVE Hotel Palm Jumeirah</b>		<b>FIVE Jumeirah Village hotel</b>	
		<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
		<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
Discount rate	+0.5%	(47,495)	(109,427)	(12,905)	(19,158)
	-0.5%	49,136	171,784	13,353	38,267

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **4 Critical accounting judgements, estimates and assumptions (continued)**

##### *4.8 Revaluation of land and building classified as property and equipment (estimate) (continued)*

##### *4.8.1 Revaluation of land and buildings in FIVE Jumeirah Village hotel and FIVE Hotel Palm Jumeirah*

<b>Key assumptions</b>	<b>Change</b>	<b>FIVE Hotel Palm Jumeirah</b>		<b>FIVE Jumeirah Village hotel</b>	
		<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
		<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
Capitalisation rate	+0.5%	(245,304)	(91,774)	(63,808)	(14,708)
	-0.5%	278,453	164,046	72,904	35,652

##### *4.8.2 Revaluation of FIVE Luxe JBR hotel*

During the year, the estimated fair value of land and buildings including retail outlets were revalued by an external, independent and qualified valuer. This is based on management's assumption that these assets are developed and transferred to building class of property upon commissioning.

The revaluation was supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate (discounted cashflow method) by an external, independent and qualified valuer.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of the revalued assets. The key assumptions on which management has based its cash flow projections when determining the recoverable amount of the assets are as follows:

- Management's projections have been prepared on the basis of strategic plans, knowledge of the market, and management's views on achievable growth in retail market share over the long term year of ten years;
- Terminal value upon exit of the 10-year cash flows projection at the rate of 7.80%; and
- The discount rate of 9.80% is reflective of the return that an investor would make from a similar retail investment.

The determined fair value of the property is most sensitive to the discount rate and capitalisation rate to calculate the terminal value.

Below is a sensitivity analysis in isolation of the key assumptions used to determine the fair value of the investment. The table reflects change in the fair value with change in key assumptions.

<b>Key assumptions</b>	<b>Change</b>	<b>2025</b>	<b>2024</b>
		<b>AED'000</b>	<b>AED'000</b>
Discount rate	+0.5%	(26,055)	(50,656)
	-0.5%	26,991	109,236

  

<b>Key assumptions</b>	<b>Change</b>	<b>2025</b>	<b>2024</b>
		<b>AED'000</b>	<b>AED'000</b>
Capitalisation rate	+0.5%	(132,392)	(55,132)
	-0.5%	150,527	121,511

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **4 Critical accounting judgements, estimates and assumptions (continued)**

##### *4.8 Revaluation of land and building classified as property and equipment (estimate) (continued)*

##### *4.8.3 Revaluation of 5 ATLANTIS AG HOTEL, Zürich*

During the year, the estimated fair value of land and buildings including retail outlets were revalued by an external, independent and qualified valuer. This is based on management's assumption that these assets are developed and transferred to building class of property upon commissioning.

The revaluation was supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate (discounted cash flow method) by an external, independent and qualified valuer.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of the revalued assets. The key assumptions on which management has based its cash flow projections when determining the recoverable amount of the assets are as follows:

- Management's projections have been prepared on the basis of strategic plans, knowledge of the market, and management's views on achievable growth in retail market share over the long term year of ten years;
- Terminal value upon exit of the 10 year cash flows projection at the rate of 5%; and
- The discount rate of 6.25% is reflective of the return that an investor would make from a similar investment.

The determined fair value of the property is most sensitive to the discount rate and capitalisation rate to calculate the terminal value.

Below is a sensitivity analysis in isolation of the key assumptions used to determine the fair value of the investment. The table reflects change in the fair value with change in key assumptions.

<b>Key assumptions</b>	<b>Change</b>	<b>2025 AED'000</b>	<b>2024 AED'000</b>
Discount rate	+0.5%	(23,139)	(19,475)
	-0.5%	23,139	23,611

<b>Key assumptions</b>	<b>Change</b>	<b>2025 AED'000</b>	<b>2024 AED'000</b>
Capitalisation rate	+0.5%	(57,848)	(30,553)
	-0.5%	67,103	40,780

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **4 Critical accounting estimates and assumptions (continued)**

##### *4.8.4 Revaluation of Pacha properties. Ibiza-Spain*

###### **a) Valuation of Pacha night club**

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of the revalued assets. The key assumptions on which management has based its cash flow projections when determining the recoverable amount of the assets are as follows:

- Terminal value upon exit of the 10-year cash flows projection at the rate of 9.25%; and
- The discount rate of 13.40% is reflective of the return that an investor would make from a similar investment.

Below is a sensitivity analysis in isolation of the key assumptions used to determine the fair value of the investment. The table reflects change in the fair value with change in key assumptions.

<b>Key assumptions</b>	<b>Change</b>	<b>2025 AED'000</b>	<b>2024 AED'000</b>
Discount rate	+0.5%	(7,023)	(3,563)
	-0.5%	7,325	7,651
Cap rate	+0.5%	(4,869)	(914)
	-0.5%	5,429	5,033

###### **b) Valuation of El Hotel Pacha**

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of the revalued assets. The key assumptions on which management has based its cash flow projections when determining the recoverable amount of the assets are as follows:

- Management's projections have been prepared on the basis of strategic plans, knowledge of the market, and management's views on achievable growth in retail market share over the long-term year of ten years;
- Terminal value upon exit of the 5-year cash flows projection at the rate of 5.75%; and
- The discount rate of 7.75% is reflective of the return that an investor would make from a similar investment.

Below is a sensitivity analysis in isolation of the key assumptions used to determine the fair value of the investment. The table reflects change in the fair value with change in key assumptions.

<b>Key assumptions</b>	<b>Change</b>	<b>2025 AED'000</b>	<b>2024 AED'000</b>
Discount rate	+0.5%	(2,025)	(2,601)
	-0.5%	2,327	1,684
Cap rate	+0.5%	(6,205)	(6,477)
	-0.5%	7,627	6,592

The higher the discount rate and terminal yield/capitalisation rate, the lower the fair value.

##### *4.9 Classification of properties (judgement)*

Management determines at the time of acquisition or construction of the property, whether the property should be classified as development property, investment property or property and equipment. The Group classifies a property as development property when the intention is to develop the property for the purpose of future sale to third parties or undetermined use. The Group classifies a property as investment property when the intention is to hold the property for rental and /or capital appreciation. The Group classifies a property as property and equipment when the intention is to use the property for its operations. The Group revises the classification reflect any changes in the intended use of the property.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **4 Critical accounting estimates and assumptions (continued)**

##### *4.10 Satisfaction of performance obligations for property sales (Sensoria and FIVE Luxe JBR) (judgment)*

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the legally enforceable sale and purchase agreements entered into with customers for the provision of real estate assets, the Group does not create an asset with an alternative use and has an enforceable right to payment for performance completed to date. In these circumstances the Group recognises revenue over time. Where this is not the case revenue is recognised at a point in time.

##### *4.11 Recognition of deferred tax asset for carried-forward tax losses (Judgement and estimate)*

Deferred tax assets are recognised for carried forward tax losses to the extent that it is probable that taxable profit will be available against which the carried forward tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has AED 12,071 thousand of tax losses carried forward. These losses relate to Universo Pacha S.A and its certain subsidiaries, as these subsidiaries are in consistent profit, the Group believes that it will utilise these losses over next few years. There is no statutory time limit as per Spanish tax law for utilization of these carry forward losses. On this basis, the Group concluded to recognise deferred tax assets on the carried forward tax losses.

##### *4.12 Determination of cash generating unit (judgement)*

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group has determined El Hotel Pacha, S.L., Nube, S.L. and Chioro ITG, S.L.U. as one cash generating unit, as cash generated through these properties are largely inter-dependent.

##### *4.13 Impairment of intangible assets*

The Group tests intangible assets with an indefinite lifetime, which includes goodwill and trademark, annually for impairment, or more frequently if there are indications that assets might be impaired. The goodwill recognised by the Group has resulted from the business combination of Universo Pacha S.A. Trademark include intangible asset acquired through business combinations for Pacha. For impairment testing, goodwill and trademark with indefinite useful lives are allocated to the hospitality segment of Spain ('Spain CGU'). The recoverable amount of Spain CGU as at 31 December 2025 has been determined based on a value in use calculation using cash flow projections from financial budgets covering a five-year period. The key sources of estimation for value in use calculation were:

<b>Key assumptions</b>	<b>2025</b>	<b>2024</b>
Discount rate	11.2%	11.2%
Annual growth rate	2%	2%

The computation of value in use requires input of unobservable forward-looking information which are based on management's best estimates. A change in any of the estimates could reasonably occur due to wider external factors beyond the Group's control.

Management believes that the above estimates provide a reasonable outcome of non-impairment. Changes in any of the key assumptions mentioned in the table above would result in an impairment. Had the assumptions change by 0.5%, the value in use would have been increased or decreased as below

<b>Key assumptions</b>	<b>Change</b>	<b>2025 AED'000</b>	<b>2024 AED'000</b>
Discount rate	+0.5%	(74,735)	(66,543)
	-0.5%	74,735	66,543
Annual growth rate	+0.5%	84,040	61,235
	-0.5%	(84,040)	(84,040)

## FIVE Holdings (BVI) Limited and its subsidiaries

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

#### 5 Property and equipment

	Land & Buildings (*) AED'000	Equipment AED'000	Furniture and fixtures AED'000	Motor vehicles AED'000	Leasehold improvements AED'000	Capital work- in- progress AED'000	Total AED'000
<b>Cost or revaluation</b>							
At 1 January 2024	6,431,961	36,383	105,646	3,554	46,348	2,437,964	9,061,856
Additions	222,809	10,444	14,850	5,120	11,099	88,463	352,785
Disposal	(577)	(9,176)	(1,962)	(908)	-	-	(12,623)
Transfer	2,309,902	25,146	149,781	-	14,399	(2,499,228)	-
Revaluation gain	126,766	-	-	-	-	-	126,766
Exchange difference	(50,949)	(109)	(426)	(56)	-	(1,166)	(52,706)
At 31 December 2024	9,039,912	62,688	267,889	7,710	71,846	26,033	9,476,078
Additions	51,950	16,706	3,525	464	7,403	116,272	196,320
Disposal	-	(2,857)	(761)	(579)	(8,188)	-	(12,385)
Transfer	39,396	35,133	21,870	-	(11,650)	(84,749)	-
Revaluation loss	(94,560)	-	-	-	-	-	(94,560)
Exchange difference	119,362	2,899	961	143	(1,042)	4,519	126,842
At 31 December 2025	9,156,060	114,569	293,484	7,738	58,369	62,075	9,692,295
<b>Accumulated Depreciation</b>							
At 1 January 2024	649,362	20,710	81,198	1,989	8,612	-	761,871
Charge for the year	216,341	9,668	29,688	776	2,002	-	258,475
Disposal	(577)	(1,348)	(1,217)	(572)	-	-	(3,714)
Exchange difference	(2,425)	(439)	(96)	(18)	-	-	(2,978)
At 31 December 2024	862,701	28,591	109,573	2,175	10,614	-	1,013,654
Charge for the year	240,225	12,960	40,098	1,266	7,011	-	301,560
Disposal	-	(658)	(222)	(228)	-	-	(1,108)
Exchange difference	946	1,014	103	5	-	-	2,068
Transfer	-	3,325	538	-	(3,863)	-	-
At 31 December 2025	1,103,872	45,232	150,090	3,218	13,762	-	1,316,174
<b>Net book amount</b>							
At 31 December 2025	8,052,188	69,337	143,394	4,520	44,607	62,075	8,376,121
As at 31 December 2024	8,177,211	34,097	158,316	5,535	61,232	26,033	8,462,424

- i. \*The land and building are fair valued cumulatively by an independent valuer for Dubai, Spain and Zurich hotel and 20% of this cumulative value is considered as land.
- ii. Out of the total carrying value of property and equipment, the assets aggregated to AED 8,052,188 thousand (2024: AED 8,177,211 thousand) is pledged against the Group's borrowings.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **5.1 Revaluation of land and building classified as property and equipment**

As at 31 December 2025 and 2024, land and building under property and equipment were revalued by an external independent and qualified valuer and the revaluation loss was recognised in the consolidated statement of comprehensive income. The sensitivity analysis for fair value change with changes in key assumptions is specified in Note 4.7

##### *5.1.1 Revaluation of land and building Five Hotel Jumeirah Village*

A formal external valuation of the Group's property was performed as at 31 December 2025 and 2024. The revaluation was supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. Based on such valuation, the fair value of the hotel building as at 31 December 2025 was AED 944,007 thousand (2024: AED 854,369 thousand).

Fair Value Reconciliation – Jumeirah Village Hotel

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Fair Value as per external valuation report</b>	1,097,513	1,117,700
Less: Adjustment of leases under IFRS 16	(153,506)	(263,331)
<b>Fair Value of Jumeirah Village Hotel</b>	<b>944,007</b>	<b>854,369</b>

##### *5.1.2 Revaluation of land and building FIVE Hotel Palm Jumeirah*

A formal external valuation of the Group's property was performed as at 31 December 2025 and 2024. The revaluation was supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. Based on such valuation, the fair value of the property as at 31 December 2025 was AED 4,093,100 thousand (2024: AED 4,107,700 thousand).

Fair Value Reconciliation – FIVE Hotel Palm Jumeirah

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Fair Value as per external valuation report</b>	4,121,100	4,144,800
Less: Holiday home value	(28,000)	(37,100)
<b>Fair Value of Hotel Palm Jumeirah</b>	<b>4,093,100</b>	<b>4,107,700</b>

##### *5.1.3 Revaluation of FIVE Luxe JBR hotel*

During the year 2021, FIVE purchased a property under construction worth AED 671,670 thousand from another developer as per the agreement between the parties, where AED 403,002 thousand (60%) is allocated to the hotel and classified as Land and Building based on Built up Area (BUA), the remaining of AED 268,668 thousand (40%) is allocated to property held for development and sale.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **5 Property and equipment (continued)**

##### **5.1 Revaluation of land and building classified as property and equipment (continued)**

###### *5.1.3 Revaluation of FIVE Luxe JBR hotel (continued)*

A formal external valuation of the Group's property was performed as at 31 December 2025 and 2024. The revaluation was supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. Based on such valuation, the fair value of the property as at 31 December 2025 was AED 2,197,700 thousand (2024: AED 2,374,100 thousand).

Fair Value Reconciliation – FIVE Luxe JBR:

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
Fair Value as per external valuation report	2,442,500	2,836,600
Less: Adjustment of receivables	(244,800)	(462,500)
<b>Fair Value of FIVE Luxe, JBR</b>	<b>2,197,700</b>	<b>2,374,100</b>

The current use of the property is at its highest and best use. The valuation technique uses significant unobservable inputs. Accordingly, the fair value was classified to level 3.

At each financial year end the finance department:

- verifies all major inputs to the independent valuation report.
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with independent valuers.

###### *5.1.4 Revaluation of 5 ATLANTIS AG HOTEL, Zürich*

During the year ended 31 December 2020, the 5 Atlantis AG (a subsidiary) acquired new building from Neue Hotel Atlantis AG, the purchase agreement amounted to AED 340,292 thousand (CHF 83,985 thousand).

A formal external valuation of the Group's property was performed as at 31 December 2025 and 2024. The revaluation was supported by cash flow projections which have been discounted at an appropriate rate. Based on such valuation, the fair value of the property as at 31 December 2025 was AED 590,044 thousand (CHF 127,500 thousand) (2024: AED 530,078 thousand (CHF 131,000 thousand))

The current use of the property is at its highest and best use. The valuation technique uses significant unobservable inputs. Accordingly, the fair value was classified to level 3.

At each financial year end the finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **5 Property and equipment (continued)**

##### **5.1 Revaluation of land and building classified as property and equipment (continued)**

###### *5.1.5 Revaluation of Pacha properties. Ibiza-Spain*

###### **a) Valuation of Pacha night club**

As at 31 December 2025, the estimated fair value of land and buildings were revalued by an external, independent and qualified valuer.

The revaluation was supported by market rent estimation based on the incomes generated by the night club and is subject to CPI indexations to consider the market growth. To the above arrived market rent, property operating costs including recurring capex, management costs and other ancillary cost have been deducted. These have been discounted at an appropriate rate referred below (discounted cash flow method) by an external, independent and qualified valuer to arrive at fair value of AED 256,029 thousand (Euro 59,420 thousand) as at 31 December 2025 (2024: AED 205,661 thousand (Euro 54,100 thousand))

###### **b) Valuation of El Hotel Pacha**

As at 31 December 2025, the estimated fair value of land and buildings were revalued by an external, independent and qualified valuer.

The revaluation was supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate (discounted cash flow method) by an external, independent and qualified valuer to arrive at fair value of AED 120,129 thousand (Euro 27,880 thousand) as at 31 December 2025 (2024: AED 105,302 thousand (Euro 27,700 thousand))

###### ***Carrying amounts that would have been recognised if property and equipment were stated at cost:***

If property and equipment were stated on the historical cost basis, the amounts would be as follows:

	<b>Land and buildings</b>	<b>Other assets</b>	<b>Capital work in progress</b>	<b>Total</b>
	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
<b>31 December 2025</b>				
Cost	3,469,754	-	-	3,469,754
Transfers	(9,098)	-	9,098	-
Additions	45,370	-	-	45,370
Accumulated depreciation	(452,607)	-	-	(452,607)
<b>Net book amount</b>	<b>3,053,420</b>	<b>-</b>	<b>9,098</b>	<b>3,062,518</b>
<b>31 December 2024</b>				
Cost	2,413,644	-	1,006,413	3,420,057
Transfers	838,209	195,360	(1,033,569)	-
Additions	220,108	-	27,156	247,264
Disposal	(2,207)	-	-	(2,207)
Accumulated depreciation	(367,170)	-	-	(367,170)
<b>Net book amount</b>	<b>3,102,584</b>	<b>195,360</b>	<b>-</b>	<b>3,297,944</b>

**FIVE Holdings (BVI) Limited and its subsidiaries****Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)****6 Intangible assets**

	<b>Goodwill</b>	<b>Trademark &amp; Franchise right</b>	<b>Others</b>	<b>Total</b>
	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
<b>Cost</b>				
At 1 January 2024	685,737	206,685	2,095	894,517
Additions	-	-	3,670	3,670
Exchange difference	(3,524)	(12,800)	-	(16,324)
At 31 December 2024	682,213	193,885	5,765	881,863
Additions	-	-	8,506	8,506
Exchange difference	100,555	30,905	2,088	133,548
At 31 December 2025	782,768	224,790	16,359	1,023,917
<b>Accumulated amortisation</b>				
At 1 January 2024	-	799	1,352	2,151
Charge for the year	-	3,003	1,260	4,263
At 31 December 2024	-	3,802	2,612	6,414
Charge for the year	-	8,290	670	8,960
Exchange difference	-	12,157	-	12,157
At 31 December 2025	-	24,249	3,282	27,531
<b>Net book amount</b>				
At 31 December 2025	<b>782,768</b>	<b>200,541</b>	<b>13,077</b>	<b>996,386</b>
As at 31 December 2024	<b>682,213</b>	<b>190,083</b>	<b>3,153</b>	<b>875,449</b>

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The goodwill recognised by the Group has resulted from the business combination of Universo Pacha S.A.

Trademark and Franchise rights include intangible assets acquired through business combinations. The trademark of Destino has a useful life of 3 years whereas for Pacha the useful life is indefinite. The major assumptions used in the calculation includes discount rate in the range of 10% to 12% and growth rate of 2%.

Trademarks are valued under the relief from royalty methodology and a royalty rate of 8.0% - 12.0% in line with comparable data on the brand name in similar sectors.

Franchisees are valued under the Net Present Value of the Income approach with a 5-year useful life and a discount rate of 11.2 % equivalent to the weighted average cost of capital attributable to the respective entity.

## FIVE Holdings (BVI) Limited and its subsidiaries

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

#### 7 Right-of-use assets and lease liabilities

The Group leases various land parcels, buildings and staff accommodations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease term of these assets ranges from 1 to 35 years. The lease agreements do not impose any covenants.

	<b>Land &amp; Buildings</b>	
	<b>AED'000</b>	
<b>Cost</b>		
At 1 January 2024		345,564
Lease derecognition (*)		(53,313)
Exchange difference		(9,157)
At 31 December 2024		283,094
Additions		1,262
Exchange difference		14,285
At 31 December 2025		298,641
<b>Accumulated depreciation</b>		
At 1 January 2024		94,201
Charge for the year		29,934
Lease derecognition (*)		(1,968)
At 31 December 2024		122,167
Charge for the year		20,637
At 31 December 2025		142,804
<b>Net book amount</b>		
<b>At 31 December 2025</b>		<b>155,837</b>
<b>At 31 December 2024</b>		<b>160,927</b>
	<b>As at</b>	
	<b>31 December 2025</b>	<b>31 December 2024</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Lease liabilities</b>		
Non-current	160,104	157,569
Current	15,837	17,210
	<b>175,941</b>	<b>174,779</b>
	<b>As at</b>	
	<b>31 December 2025</b>	<b>31 December 2024</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Lease liabilities (**)</b>		
At 1 January	174,779	259,357
Addition	1,262	-
Finance cost	12,024	14,268
Payment of lease liabilities	(28,882)	(37,677)
Exchange difference	16,758	(7,456)
Lease derecognition (*)	-	(53,713)
	<b>175,941</b>	<b>174,779</b>

(\*) During the year ended 31 December 2024, the Group acquired Chioro ITG, S.L.U. ('Chioro') which resulted in the derecognition of right of use asset to the extent of AED 51,345 thousand and lease liabilities to the extent of AED 53,713 thousand, leading to a gain on lease de-recognition amounting to AED 2,375 thousand recorded in other income (Note 31).

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **8 Trade and other receivables**

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
Trade receivables*	210,528	32,248
Unbilled receivables**	27,254	414,195
Advances to suppliers	66,443	89,994
Other receivables	71,831	43,152
	<b>376,056</b>	<b>579,589</b>
<b>Analysed as follows:</b>		
Current portion	376,056	579,589
	<b>376,056</b>	<b>579,589</b>

\* Included within trade receivables are amounts due from sale of property held for development. It also includes amount due from the hotel customers (who have paid by credit card), these amounts are usually collected during the next working day and do not carry any significant credit risk.

\*\* The unbilled receivables of AED 27,254 thousand (2024: AED 414,195 thousand) are mainly arising from the off-plan sale of property held for development and sale. The title deed of these properties is transferred upon collection of full payment. In the event of customer default, the Group reserves the right to recover the outstanding amount upon disposal of the units, in accordance with the applicable regulations.

The fair value of trade receivable approximates their carrying value.

The Group has a broad base of customers with no concentration of credit risk within trade and other receivables as at 31 December 2025 and 31 December 2024.

Ageing of unbilled receivables and trade receivables are stated below:

#### **As at 31 December 2025**

	<b>Current</b>	<b>More than 90 days</b>	<b>Total</b>
	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
Trade receivables (AED)			
- Hospitality	26,806	-	26,806
- Real estate development	183,722	-	183,722
Net trade receivables (AED)	210,528	-	210,528
Unbilled receivables (AED)	27,254	-	27,254
Net unbilled receivables (AED)	27,254	-	27,254

#### **As at 31 December 2024**

	<b>Current</b>	<b>More than 90 days</b>	<b>Total</b>
	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
Trade receivables (AED)			
- Hospitality	28,753	-	28,753
- Real estate development	3,495	-	3,495
Net trade receivables (AED)	32,248	-	32,248
Unbilled receivables (AED)	414,195	-	414,195
Net unbilled receivables (AED)	414,195	-	414,195

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **8 Trade and other receivables (continued)**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables. There is no collateral against other receivables.

The creation and release of loss allowance is included in the consolidated statement of profit or loss. Amounts charged are generally written off when there is no expectation of recovering cash. The other classes within trade and other receivables do not contain impaired assets. The Group's property sales related receivables are fully collateralised where the final title on the units are yet to be transferred. Due to the collateralization of real estate development related receivables and short-term collection period for hospitality related receivables, the credit risk associated with these balance is low.

The Group has applied IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected credit losses ("ECL") that result from all possible default events over the expected life at a financial instrument for all trade and unbilled receivables. The Group is not exposed to significant amount of credit risk. Based on management's assessment, the expected credit loss is not material and accordingly, no ECL provision has been recognised as at the reporting date.

#### **9 Prepayments**

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
Deferred sales commission*	-	12,468
Prepaid visa fees	566	3,796
Others	54,337	12,308
	<b>54,903</b>	<b>28,572</b>

\*It mainly relates to sales commission that is paid to the real estate brokers (refer note 29) and amortized in the consolidated statement of profit and loss based on percentage of completion of the related project.

#### **10 Inventories**

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
Beverages	29,844	40,368
Food	1,199	1,801
General Stores	3,489	2,182
Others	9,365	8,621
	<b>43,897</b>	<b>52,972</b>

The cost of inventory recognised as an expense for the year included in inventory consumption amounted to AED 214,145 thousand (2024: AED 155,882 thousand) (Note 27).

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **11 Property held for development and sale**

	<b>Property held for development and sale AED'000</b>
<b>At 1 January 2024</b>	-
Additions	336,522
Cost of sales	(282,019)
Exchange difference	(425)
<b>At 31 December 2024</b>	<b>54,078</b>
Additions	250,999
Cost of sales (note 27)	(242,440)
Exchange difference	5,404
<b>At 31 December 2025</b>	<b>68,041</b>

#### **12 Cash and bank balances**

##### **A. Cash and cash equivalents**

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
Cash on hand	4,047	2,869
Cash at banks	1,071,171	179,843
<b>Cash and cash equivalents</b>	<b>1,075,218</b>	<b>182,712</b>

##### **B. Bank deposits**

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
Term deposits with original maturity more than 3 months*	-	345,835

\*The above term deposit carries an annual interest rate between 2.7% to 5% for FY 2024.

Bank balances are held with locally incorporated banks and branches of international banks.

Cash at banks includes an amount of AED 25,872 thousand (2024: AED 97,480 thousand) held in escrow accounts and collateral reserve accounts. Cash held in escrow accounts represents cash received from customers that is held with banks authorised by the Real Estate Regularity Authority ("RERA"). Use of this cash is limited to specific development projects to which the cash receipts relate.

#### **13 Share capital**

As at 31 December 2025 and 2024, the total authorised, issued and fully paid share capital of the Group comprises of 1 share of AED 3.67 (USD 1).

#### **14 Contributed capital**

Contributed capital of AED 252,913 thousand (2024: AED 252,913 thousand) represents funds provided by the Owner or on his behalf to the Group to support its operations. The Group has no obligation to repay any of these contributions. It is at the sole discretion of the Group to repay any of the amounts contributed.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **15 Statutory reserve**

Until 31 December 2022, in accordance with the Memorandum of Association of certain subsidiaries registered in UAE under UAE Federal Law No. (2) of 2015, amended, 10% of the profit for the year was to be transferred to a statutory reserve which is non-distributable. Transfers to these reserves were required to be made until such time as it equals 50% of the paid-up share capital for those subsidiaries. Transfers to the legal reserve have accordingly been made by the individual entities within the Group. Effective 1 January 2023, certain subsidiaries within the Group is required to transfer 5% of profits as per UAE Federal Decree Law No. 32 of 2021.

#### **16 Trade and other payables**

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
Advances from customers	23,070	15,358
Trade payables#	159,683	148,356
Accruals	96,490	116,783
VAT payable	10,230	5,463
Tax payable	19,053	11,202
Deferred payment for asset purchase	-	16,014
Other finance liabilities*	45,685	-
Other payables**	51,482	51,508
	<b>405,693</b>	<b>364,684</b>
<b>Analysed as follows:</b>		
Current portion	353,333	324,466
Non-current portion	52,360	40,218
	<b>405,693</b>	<b>364,684</b>

\*On 7 January 2025, the Group entered into an agreement with EMIC Energy Investments LLC to transfer cooling equipment located at FIVE Luxe – JBR, Dubai. As control remains with the Group, the transaction is accounted for as a financing arrangement, initially recognized at the net proceeds received which is the fair value and subsequently measured at amortised cost. The fair value is determined using the discounted cash flow techniques, the inputs into the valuation techniques includes contractual cash flows and interest rates.

\*\* Includes management incentives payable to key management personnel amounting to AED 9,165 thousand (2024: AED 7,991 thousand).

# As per the Addendum signed with China State Construction Engineering Corporation (Middle East) (LLC) dated 24 January 2022, Assas Investments Limited (“a subsidiary”) has to pay AED 65,000 thousand to the main contractor of the project FIVE Palm Jumeirah Hotel and will be payable in 86 monthly instalments. Trade payables include a discounted amount of AED 26,210 thousand (2024: 31,273 thousand) which is discounted to its present value using the discount rate of 6%.

## FIVE Holdings (BVI) Limited and its subsidiaries

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

#### 17 Borrowings

	As at 31 December	
	2025	2024
	AED'000	AED'000
Term loans	1,703,405	273,641
Listed Green Bonds	-	1,201,322
Bank overdrafts	12,819	6,858
	1,716,224	1,481,821
Less: unamortised borrowing costs	(18,917)	(63,676)
	1,697,307	1,418,145
<b>Analysed as follows:</b>		
Current portion	170,740	10,025
Non-current portion	1,526,567	1,408,120
	1,697,307	1,418,145

Following is the breakup of amount utilised against each facility:

	Interest rates	As at 31 December	
		2025	2024
		AED'000	AED'000
<b>Listed Green Bonds</b>			
Facility A	9.375%	-	1,201,322
<b>Term Loans</b>			
Facility B	EIBOR + 1.85% (AED loan)		
Facility C	EURIBOR + 1.55% (EUR loan)	1,328,890	-
Facility D	SARON/LIBOR + 1.25% and SARON/LIBOR + 1.55% (0% if SARON/LIBOR is negative)	144,665	137,902
Facility E	3.75%	153,853	128,922
Facility F	14.50%	57,079	6,817
	EURIBOR + 0.95%	12,819	6,858
		1,697,307	1,481,821

#### Facility A

On 3 October 2023, the Group issued US\$ 350 million (AED 1,285 million) secured Green Bond Notes ("Notes") maturing on 3 October 2028. FIVE Holdings (BVI) Limited is the Issuer and all material companies in the group are the Guarantors. The Certificates are listed on Nasdaq Dubai and ISM London. The Notes were issued at a price of 99.026% and an interest rate of 9.375% per annum payable semi - annually in arrears on 3 April and 3 October.

FIVE Holding Limited, FIVE JBR Holding (DIFC) Limited, FIVE International Holding Limited, DEVCO Real Estate Development LLC, FIVE International Hotel Management LLC, SKAI Holdings Group Limited, Assas Investments Limited, Rehan Limited, Unlimited 1 Limited, FIVE Hotel FZE, FIVE Luxe Hotel LLC (formerly FIVE Hotel JBR LLC), FIVE Hotel Jumeirah Village LLC, Unlimited 1 Development, Sky's the Limit 1, FIVE Holiday Homes Rental LLC and Pacha Universe Holding Limited were the Guarantors to the Notes.

As at 31 December 2025, the Group has fully repaid the Secured Green Bond Notes on 3 October 2025 at a premium, with a total repayment amount of AED 1,348,000 thousand (inclusive of premium, accrued interest and other related charges). The bonds were previously listed on Nasdaq Dubai and the ISM London exchange and have subsequently been delisted from both exchanges following the repayment.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **17 Borrowings (continued)**

##### *Facility B*

On 19 September 2025, the Group secured Revolving Credit Facility (RCF) of AED 1,689,350 thousand from Commercial Bank of Dubai PSC, Arab African International Bank and Banco Santander, S.A repayable after 3 years at an interest rate of EIBOR + 1.85% (AED Loan) and EURIBOR +1.55% (EUR Loan). Out of AED 1,689,350 thousand company has utilised AED 1,348,000 thousand (inclusive of premium, accrued interest and other charges) for repayment of Secured Green Bond Notes on 3rd October 2025 listed on Nasdaq Dubai and ISM London.

As at 31 December 2025, the total outstanding balance from Facility B is 1,347,808 thousand (2024: AED Nil). The Group complied with all the covenants of the Facility B as at 31 December 2025. The unamortized cost as at 31 December is AED 18,917 thousand, which is to be amortized over the RCF tenure.

As at 31 December 2025, the undrawn credit of Facility B is AED 341,542 thousand.

##### *Facility C*

During the year ended 31 December 2025, the Group had outstanding of AED 153,853 thousand from Facility D taken for acquisition of Chioro I.T.G. S.L.U. and AED 57,079 thousand from Facility E for the refurbishment of Destino Hotel.

##### *Facility D and E*

During the year ended 31 December 2025, the Group had drawn down 153,853 thousand from Facility D and AED 57,079 thousand from Facility E. The total outstanding balance from Facility D is AED 153,853 thousand and from Facility E is 57,079 thousand.

##### *Facility F*

During the year ended 31 December 2025, the Group had drawn down the bank overdraft facility of AED 12,816 thousand (EUR 2,974 thousand) from Facility F. This overdraft facility was approved on January 2025 for the period of 1 year. The total amount of overdraft facility is AED 25,852 thousand (EUR 6,000 thousand) and the applicable interest rate is yearly EURIBOR rate plus 0.95% for the amount utilized.

##### *Key covenants*

Under the terms of the major borrowing facilities (RCF), the Group is required to comply with the following financial covenants:

(a) Debt Service Coverage:

- prior to the Original Borrower Resignation Date, the Debt Service Cover Ratio shall not, in respect of any Relevant Period\*, be less than the ratio of 2.0:1; and
- following the Original Borrower Resignation Date, the Debt Service Cover Ratio shall not, in respect of any Relevant Period\*, be less than the ratio of 1.5:1;

(b) Net Debt to Adjusted EBITDA:

- prior to the Original Borrower Resignation Date, the Net Debt to Adjusted EBITDA Ratio shall not, in respect of any Relevant Period\*, exceed the ratio of 3.0:1; and
- following the Original Borrower Resignation Date, the Net Debt to Adjusted EBITDA Ratio shall not, in respect of any Relevant Period\*, exceed the ratio of 2.5:1; and

(c) LTV: the LTV Ratio does not at any time from the date of the Agreement exceed 60%.

**\*Relevant Period** means:

- each period of twelve months ending on the last day of each Financial Year; and
- each period of twelve months ending on the last day of each Financial Half-Year.

## FIVE Holdings (BVI) Limited and its subsidiaries

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

#### 17 Borrowings (continued)

The Group has complied with the above financial covenants of its borrowing facilities as at the reporting date.

#### Net debt reconciliation

	Liabilities from financing activities				Cash and bank balances AED '000	Total AED '000
	Finance liabilities	Lease liabilities	Borrowings	Sub-total		
	AED '000	AED '000	AED '000	AED '000		
<b>Net debt as at 1 January 2024</b>	692,457	259,357	1,623,024	2,574,838	(731,741)	1,843,097
Additions	360,496	-	142,597	503,093	-	503,093
Interest	138,969	14,268	160,047	313,284	-	313,284
Payments	(138,969)	(37,677)	(507,523)	(684,169)	203,194	(480,975)
Lease derecognition (Note 7)	-	(53,713)	-	(53,713)	-	(53,713)
Other movement	-	(7,456)	-	(7,456)	-	(7,456)
<b>Net debt as at 31 December 2024</b>	1,052,953	174,779	1,418,145	2,645,877	(528,547)	2,117,330
Additions	103,329	1,262	1,443,844	1,548,435	-	1,548,435
Interest	150,935	12,024	192,284	355,243	-	355,243
Payments	(157,571)	(28,882)	(1,356,966)	(1,543,419)	(546,671)	(2,090,090)
Other movement	-	16,758	-	16,758	-	16,758
<b>Net debt as at 31 December 2025</b>	1,149,646	175,941	1,697,307	3,022,894	(1,075,218)	1,947,676

#### 18 Contract liabilities

Contract liabilities represent installments received from customers towards the purchase of development properties, net of revenue recognized.

	As at 31 December	
	2025	2024
	AED'000	AED'000
Opening	42,672	214,578
Advance from customers	3,512	278,786
Less : Revenue recognised	(46,184)	(450,692)
	-	42,672

#### Analysed as follows:

Within 1 year	-	42,672
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The aggregate amount of sale price allocated to performance obligations that are unsatisfied / partially satisfied as at 31 December 2025 was NIL (2024: AED 69,529 thousand).

#### 19 Provision for employees' end of service benefits

	As at 31 December	
	2025	2024
	AED'000	AED'000
<b>Retirement benefit obligation</b>		
Balance at the beginning of the year	19,448	16,011
Current service cost	5,461	4,972
Interest cost	1,019	717
Payments during the year	(3,871)	(2,539)
Past Service Cost including curtailment Gains/Losses	-	91
Remeasurement loss on defined benefit obligation	2,625	197
Exchange difference	389	-
<b>Balance at the end of the year</b>	<b>25,071</b>	<b>19,449</b>

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **19 Provision for employees' end of service benefits (continued)**

In accordance with the provisions of IAS 19 revised, managements' expert has carried out an exercise to assess the present value of its obligations at 31 December 2025 and 2024, using projected unit credit method, in respect of employees' end of service benefits payable under the local labour law. Under this method, an assessment is made of the employees' expected service life with the Company and the expected basic salary at the date of leaving service. A provision is made, using actuarial techniques, for the full amount of end of service benefits due to the employees in accordance with the local labour law for their year ended of service up to the consolidated statement of financial position date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. These obligations are valued annually by independent qualified actuaries. The method and nature of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The significant actuarial assumptions were as follows for UAE entities:

	<b>2025</b>	<b>2024</b>
Discount rate	4.79%	5.69%
Salary growth rate	3.50%	3.50%

Below is the sensitivity of the provision for employees' end of service benefits to increase/decrease if the principal assumptions were changed as follows for UAE entities:

<b>Key assumptions</b>	<b>Change</b>	<b>As at 31 December</b>	<b>As at 31 December</b>
		<b>2025</b>	<b>2024</b>
		<b>AED'000</b>	<b>AED'000</b>
Discount rate	+1.0%	(1,538)	(1,108)
	-1.0%	1,789	1,280
Salary growth rate	+1.0%	1,794	1,296
	-1.0%	(1,570)	(1,140)

The significant actuarial assumptions were as follows for Spain entities:

	<b>2025</b>	<b>2024</b>
Discount rate	2.92%	2.84%
Salary growth rate	2.00%	2%

Below is the sensitivity of the provision for employees' end of service benefits to increase/decrease if the principal assumptions were changed as follows for Spain entities:

<b>Key assumptions</b>	<b>Change</b>	<b>As at 31 December</b>	<b>As at 31 December</b>
		<b>2025</b>	<b>2024</b>
		<b>AED'000</b>	<b>AED'000</b>
Discount rate	+0.5%	(130)	(189)
	-0.5%	140	197
Salary growth rate	+0.5%	141	199
	-0.5%	(131)	(191)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the provision for employees' end of service benefits to significant actuarial assumptions the same method (present value of the provision for employees' end of service benefits calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the provision for employees' end of service benefits liability recognised in the consolidated statement of financial position. The end of service benefit liability is unfunded obligation.

## FIVE Holdings (BVI) Limited and its subsidiaries

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

#### 20 Deferred tax liabilities

	As at 31 December	
	2025	2024
	AED'000	AED'000
<b>Deferred tax assets</b>		
<b>The balance comprises temporary differences attributable to :</b>		
Losses available for offsetting against future taxable income (Spain)	0	19,178
Difference on account of disposal of hotel condo units under financing arrangement (UAE)	53,900	52,031
Unutilised interest expenses (Spain & UAE)	16,772	1,446
Difference on account of depreciation disallowance on revaluation (UAE)	621	-
Others (Spain)	-	1,569
<b>Total deferred tax assets</b>	<b>71,293</b>	<b>74,224</b>
<b>Deferred tax liabilities</b>		
<b>The balance comprises temporary differences attributable to :</b>		
Revaluations of property and equipment at fair value (Switzerland)	8,194	5,191
Revaluations of property and equipment at fair value (UAE)	221,166	191,436
Revaluations of property and equipment at fair value (Spain)	45,557	45,005
Revaluations of intangible at fair value (Spain)	53,862	50,261
Goodwill amortised in tax base (Spain)	11,540	10,785
Revaluations of property held for development and sale at fair value (Spain)	5,129	5,096
Difference on account of additional depreciation (UAE)	6,272	-
Others (Spain)	505	505
<b>Total deferred tax liabilities</b>	<b>352,226</b>	<b>308,279</b>
<b>Deferred tax liabilities, net</b>	<b>280,933</b>	<b>234,055</b>

The Group identified certain timing differences primarily arising from variations in the accounting treatment of its sale and leaseback transactions, financing arrangements, and the revaluation of property and equipment in its consolidated financial statements. In accordance with IAS 12 - Income Taxes, the Group has recognized deferred tax balances related to these timing differences. Differences between IFRS Accounting Standards and statutory taxation regulations in the United Arab Emirates give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases.

Below table summarise the movement of deferred tax charged / credited:

Movement	Deferred tax liability			Deferred tax assets			Total
	Intangible assets	Property held for development and sale	Property and equipment	Financing arrangement	Tax losses	Others	
<b>At 1 January 2024</b>	<b>61,046</b>	-	<b>267,228</b>	<b>(44,466)</b>	<b>(17,031)</b>	<b>(2,510)</b>	<b>264,267</b>
Charged/credited							
- to profit or loss	-	-	-	(7,565)	(2,147)	-	(9,712)
- to other comprehensive income	-	-	(38,125)	-	-	-	(38,125)
Chioro acquisition	-	5,096	13,895	-	-	-	18,991
Exchange difference	-	-	(1,366)	-	-	-	(1,366)
<b>At 31 December 2024</b>	<b>61,046</b>	<b>5,096</b>	<b>241,632</b>	<b>(52,031)</b>	<b>(19,178)</b>	<b>(2,510)</b>	<b>234,055</b>
Charged/credited							
- to profit or loss	-	-	-	(1,869)	19,178	(8,811)	8,498
- to other comprehensive income	-	-	29,730	-	-	-	29,730
Exchange difference	4,357	33	3,555	-	-	705	8,650
	<b>65,403</b>	<b>5,129</b>	<b>274,917</b>	<b>(53,900)</b>	<b>(0)</b>	<b>(10,616)</b>	<b>280,933</b>
<b>At 31 December 2025</b>			<b>345,449</b>			<b>(64,516)</b>	<b>280,933</b>

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **21 Finance liabilities**

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
Opening balance	1,052,953	692,457
Net movement during the year	103,329	360,496
Payments made during the year	(157,571)	(138,969)
Unwinding of interest on finance liabilities	150,935	138,969
<b>Closing balance</b>	<b>1,149,646</b>	<b>1,052,953</b>
<b>Analysed as follows:</b>		
Current portion	159,436	168,624
Non-current portion	990,210	884,329
	<b>1,149,646</b>	<b>1,052,953</b>

For nature of transaction, refer to the Note 22

#### **22 Deferred gain**

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
Opening balance	761,768	522,214
Movement during the year	110,291	355,512
Amortisation during the year	(114,032)	(115,958)
<b>Closing Balance</b>	<b>758,027</b>	<b>761,768</b>
<b>Analysed as follows:</b>		
Current portion	96,373	116,331
Non-current portion	661,654	645,437
	<b>758,027</b>	<b>761,768</b>

Management has entered into certain sale and leaseback arrangements involving fixed and variable returns payable to investors. These transactions do not meet the criteria for transfer of control and therefore do not qualify as a sale under IFRS 15 "Revenue from Contracts with Customers".

Furthermore, based on an assessment of the overall substance of these arrangements, management has concluded that they are financing in nature and do not meet the definition of a lease under IFRS 16 "Leases". Accordingly, these arrangements have been accounted for as financial liabilities in accordance with IFRS 9 "Financial Instruments".

The financial liabilities have been measured by discounting the estimated future payments to investors using a discount rate of 12.7%. The difference between the consideration received and the initial measurement of the financial liability has been recognised as a deferred gain in the consolidated financial statements. This deferred gain is amortised to the consolidated statement of profit or loss on a systematic basis over the term of the arrangement.

#### **23 Transactions and balances with related parties**

Related parties include the Owner, key management personnel and any businesses which are controlled, directly or indirectly by the Owner and directors or over which they exercise significant management influence (the "other related parties").

During the year, the Group entered into the following significant transactions with related parties in the normal course of business and at prices and terms agreed by the Group's management.

**FIVE Holdings (BVI) Limited and its subsidiaries****Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)****23 Transactions and balances with related parties (continued)**

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Dividend</b>		
Owner	128,573	91,838
Non - controlling interests	8,006	2,016
<b>Transactions with key management personnel in ordinary course of business</b>		
<b>Revenue</b>		
Food and beverages	6,250	6,077
Rental income	510	514
<b>Expenses</b>		
Holiday home expenses	4,694	3,534
Salaries and Other benefits*	4,780	5,067
Management incentives programme*	16,022	23,879
Stock based compensation expense*	26,287	19,733
<b>Other related parties **</b>		
Capital and operating expenses	-	3,710
Sales incentive and commission expenses	-	26,160

\* The compensation to key management personnel consists of the (i) base salary and (ii) incentive based on the Group's business performance i.e., incentive payments based on a certain percentage of realised profits, subject to certain adjustments.

\*\* Other related parties include entities under the common control or having significant influence

**24 Retention payables**

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
Opening balance	40,637	37,081
Addition during the year	11,654	24,913
Released during the year	(1,634)	(21,357)
<b>Closing Balance</b>	<b>50,657</b>	<b>40,637</b>
<b>Analysed as follows:</b>		
Current portion	50,657	30,920
Non-current portion	-	9,717
	<b>50,657</b>	<b>40,637</b>

**FIVE Holdings (BVI) Limited and its subsidiaries****Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)****25 Current tax liabilities**

	<b>Year-ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Opening current tax liability</b>	<b>25,506</b>	<b>7,549</b>
Add: Current tax expense (Note 33)	37,486	35,063
Less: Tax paid during the year	(35,116)	(17,106)
<b>Closing current tax liability</b>	<b>27,876</b>	<b>25,506</b>

**26 Revenue**

	<b>Year-ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
<i>At a point in time:</i>		
Food and beverages	996,102	829,747
Room revenue	685,925	600,071
Event admission	169,002	114,029
Other operating departments	96,069	72,001
	<b>1,947,098</b>	<b>1,615,848</b>
<i>Over time:</i>		
Sale of property held for development and sale*	252,718	524,748
	<b>252,718</b>	<b>524,748</b>
Rental income	28,847	24,826
	<b>2,228,663</b>	<b>2,165,422</b>

\*Revenue from sale of property held for development is recognised based on percentage completion basis. These contracts were signed for a fixed cash consideration on varying instalment payment plans.

**27 Cost of sales**

	<b>Year-ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
Cost of property held for development and sale (Note 11)	242,440	282,019
Staff costs (refer note 30)	372,428	340,382
Stock based compensation (refer note 30 & 37)	11,667	10,862
Inventory consumption	214,145	155,882
Utility costs	53,915	53,679
Holiday home expenses	102,762	81,367
Music and entertainment	208,637	136,798
Operating supplies	29,959	21,663
	<b>1,235,953</b>	<b>1,082,652</b>

**FIVE Holdings (BVI) Limited and its subsidiaries****Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)****28 General and administrative expenses**

	<b>Year-ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
Staff costs (refer note 30)	43,436	50,024
Stock based compensation (refer note 30 & 37)	29,310	23,324
Hotel operating expenses	59,491	85,246
Repairs and maintenance	31,568	30,332
Legal and professional fees	28,921	26,894
Credit card commission	31,229	25,584
Pre-opening expenses*	-	27,936
Transaction costs	-	477
Traveling expenses	5,850	9,269
Rent	8,857	2,141
Charity	1,660	2,989
Other expenses	15,331	8,472
	<b>255,653</b>	<b>292,688</b>

\*Pre-operating expenses for 2024 mainly include AED 10,022 thousand pertains to staff cost, AED 3,342 thousand pertains to marketing expenses, AED 13,657 thousand pertains to holiday home expenses of FIVE Luxe and AED 915 thousand for other miscellaneous cost.

**29 Selling and marketing expenses**

	<b>Year-ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
Sales incentive and commission	69,567	37,938
Real estate commission	13,007	35,151
Advertising expenses	61,593	51,497
	<b>144,167</b>	<b>124,586</b>

**30 Staff costs**

	<b>Year-ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
Salaries and other benefits	406,204	379,523
Stock based compensation (refer note 37)	40,977	34,186
End of Service benefits	9,660	10,883
	<b>456,841</b>	<b>424,592</b>
Staff costs allocated as follows :		
Cost of Sales (Note 27)	384,095	351,244
General and administrative expenses (Note 28)	72,746	73,348
	<b>456,841</b>	<b>424,592</b>

**FIVE Holdings (BVI) Limited and its subsidiaries****Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)****31 Other income**

	<b>Year-ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
Gain on sale of property and equipment	1,590	-
Delay fee	5,411	6,419
Gain on lease derecognition (Refer note 5)	-	2,375
Forefeiture income	-	4,244
Others(*)	8,364	24,874
	<b>15,365</b>	<b>37,912</b>

(\*) Others includes the insurance claim received against the business interruption policy for the year 2020 amounting to AED 18,000 thousand for the property Five Hotel Palm Jumeirah and Five Hotel Jumeirah Village in 2024.

**32 Finance costs, net**

	<b>Year-ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
<i>Finance costs:</i>		
- Interest on borrowings	192,284	160,047
- Unwinding of interest on finance liabilities	150,935	138,969
- Unwinding of interest on lease liabilities	12,024	14,268
- Unwinding of interest on other finance liabilities	3,363	3,121
- Others	58,693	-
Less: Amortisation of deferred gain	(114,032)	(115,958)
<b>Total finance costs (A)</b>	<b>303,267</b>	<b>200,447</b>
<i>Finance income:</i>		
Interest income (B)	23,412	23,453
<b>Total finance income (B)</b>	<b>23,412</b>	<b>23,453</b>
<b>Finance costs – net ((A) - (B))</b>	<b>279,855</b>	<b>176,994</b>

**33 Income tax (expense) / benefit**

	<b>Year-ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Current tax:</b>		
Current tax on profit for the year (Note 25)	(37,486)	(35,063)
<b>Deferred income tax:</b>		
On origination and reversal of temporary differences	(10,367)	2,147
Net carrying value of finance liability and deferred gain as reduced by net carrying value of condo hotel units under financing arrangement	1,869	7,564
<b>Income tax expense</b>	<b>(45,984)</b>	<b>(25,352)</b>

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **33 Income tax (expense) / benefit (continued)**

	<b>Year-ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED '000</b>	<b>AED '000</b>
<b>Accounting (loss)/ profit before income tax</b>	<b>(2,757)</b>	<b>233,742</b>
Domestic tax (9%)	864	24,731
Tax in foreign jurisdictions	36,622	10,063
Tax effect of:		
Non - deductible expenses	-	269
On origination and reversal of temporary differences	10,367	(2,147)
Net carrying value of finance liability and deferred gain as reduced by net carrying value of condo hotel units under financing arrangement	(1,869)	(7,564)
<b>Total income tax expense / (benefit)</b>	<b>45,984</b>	<b>25,352</b>

On 9 December 2022 UAE Federal Decree Law No. 47 of 2022 was published setting in place a general corporate income tax for the first time. The profit threshold of AED 375,000 at which the 9% tax will apply was set in place by Cabinet Decision No. 116 of 2022 which was published on 16 January 2023 and at this point the tax law was considered enacted and substantively enacted for accounting purposes.

On 24 November 2023, the Ministry of Finance (“MOF”) in UAE published Federal Decree Law No. (60) of 2023, amending specific provisions of the UAE CT Law to facilitate the future introduction of domestic minimum taxes under Organization for Economic Cooperation and Development (OECD) Pillar 2 rules. Furthermore, MOF issued Cabinet Decision no. 142 of 2024 dated 31 December 2024 outlining the legislation of pillar 2 in UAE. However, such legislation is applicable for financial years starting on or after 1 January 2025. The management has assessed the applicability of these regulations and concluded that the pillar two rules are not applicable to the Company.

#### **34 Dividends per share**

During the year ended 31 December 2025, the Group declared the dividend of AED 128,573 thousand (31 December 2024: AED 91,838 thousand). Dividends per share was AED 128,573 thousand per share (2024: AED 91,838 thousand per share).

The Group declared dividends of AED 8,006 thousand (31 December 2024: AED 2,016 thousand) to its minority shareholders.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **35 Financial instruments by category**

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

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Financial assets as per the interim condensed consolidated statement of financial position</b>		
<i>At amortised cost</i>		
Trade and other receivables, excluding advances to suppliers and tax receivable (Note 8)	281,958	466,903
Bank deposits (Note 12(B))	-	345,835
Cash and cash equivalents (Note 12(A))	1,075,218	182,712
	<b>1,357,176</b>	<b>995,450</b>
<b>Financial liabilities as per the interim condensed consolidated statement of financial position</b>		
<i>At amortised cost</i>		
Trade and other payables (excluding advance from customers, VAT payable and current taxes payable) (Note 16)	353,340	332,661
Borrowings (Note 17)	1,697,307	1,418,145
Lease liabilities (Note 7)	175,941	174,779
Finance liabilities (Note 21)	1,149,646	1,052,953
Retention Payables	50,657	40,637
	<b>3,426,891</b>	<b>3,019,175</b>

#### **36 Segment Reporting**

The Group's operating segments are Real estate development and Hospitality. Segment performance is measured based on the adjusted profit or loss calculated in accordance with IFRS.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chairman and Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker.

From the internal organisation of the Group's activities and consistent with the internal reporting provided to the chief operating decision maker and after considering the nature of its services, the ultimate customer availing those services and the methods used by it to provide those services, "Hospitality Services" and "Real Estate Development" has been identified to be the Group's operating segments.

Our chief operating decision maker monitors assets for the Group as a whole and not by operating segment when assessing performance or making operating segment resource allocations.

##### **Description of the Segment:**

**Hospitality Segment:** The Group has an international Hospitality Business that owns, operates and manages luxury hotels with a strong focus on entertainment and food & beverages (F&B).

**Real Estate Development Segment:** The Group's Real Estate Development Business is focused on the development of high-quality properties including hotel rooms, hotel apartments, residential units and experiential outlets, such as restaurants, bars, cafes and night-clubs. The Group derives its revenue and profit from sale of residential units to its customers.

## FIVE Holdings (BVI) Limited and its subsidiaries

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

#### 36 Segment Reporting (continued)

##### Segment EBIDTA reconciliation

###### a) For the year-ended 31 December 2025

Particulars	Hospitality	Real estate development	Others	Total
	AED'000	AED'000	AED'000	AED'000
<b>Total Segment Results</b>	703,033	(12,932)	-	690,101
Add: Preopening expenses	-	-	-	-
<b>Unallocated Items</b>				
Corporate expenses	-	-	(40,869)	(40,869)
<b>EBITDA</b>	<b>703,033</b>	<b>(12,932)</b>	<b>(40,869)</b>	<b>649,232</b>

###### b) For the year-ended 31 December 2024

Particulars	Hospitality	Real estate development	Others	Total
	AED'000	AED'000	AED'000	AED'000
<b>Total Segment Results</b>	576,959	203,605	-	780,564
Add: Preopening expenses	27,936	-	-	27,936
<b>Unallocated Items</b>				
Corporate expenses	-	-	(42,970)	(42,970)
<b>EBITDA</b>	<b>604,895</b>	<b>203,605</b>	<b>(42,970)</b>	<b>765,530</b>

Reconciliation between profit for the year and earnings before interest, tax, depreciation, and amortisation:

	Year-ended 31 December	
	2025	2024
	AED'000	AED'000
<b>(Loss) / Profit for the period after tax</b>	(56,310)	208,390
Stock based compensation (Note 37)	40,977	34,186
Additional depreciation due to revaluation adjustment	154,977	140,042
<b>Adjusted net income</b>	<b>139,644</b>	<b>382,618</b>
<b>Add/ (less):</b>		
Depreciation of property and equipment (Note 5)	146,583	118,433
Depreciation of right-of-use assets (Note 7)	20,637	29,934
Amortisation of intangible assets (Note 6)	8,960	4,263
Pre-opening expenses (Note 28)	-	27,936
Finance costs (Note 32)	303,267	200,447
Finance income (Note 32)	(23,412)	(23,453)
Income tax expense (Note 33)	53,553	25,352
<b>Earning before interest, tax, depreciation and amortisation ("EBITDA")</b>	<b>649,232</b>	<b>765,530</b>

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **36 Segment Reporting (continued)**

<b>Particulars</b>	<b>Year-ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Segment Revenue</b>		
Hospitality*	1,975,945	1,640,674
Real estate development	252,718	524,748
<b>Total Segment Revenue</b>	<b>2,228,663</b>	<b>2,165,422</b>
<b>Segment Results</b>		
Hospitality*	703,033	576,959
Real estate development	(12,932)	203,605
<b>Total Segment Results</b>	<b>690,101</b>	<b>780,564</b>
<b>Add/ (less): Unallocated Items</b>		
Finance costs (Note 32)	303,267	200,447
Finance income (Note 32)	(23,412)	(23,453)
Corporate office	40,869	42,970
Stock based compensation (Note 37)	40,977	34,186
Depreciation and amortisation (Note 5,6 & 7)	331,157	292,672
Income tax expense (Note 33)	53,553	25,352
<b>Net (loss)/ profit</b>	<b>(56,310)</b>	<b>208,390</b>
Stock based compensation	40,977	34,186
Additional depreciation due to revaluation adjustment	154,977	140,042
<b>Adjusted net income</b>	<b>139,644</b>	<b>382,618</b>

\*Hospitality revenue and results include AED 656,122 thousand (2024: AED 528,534) of revenue and AED 173,291 thousand (2024: AED 152,703 thousand) respectively generated from the subsidiaries outside the UAE.

#### **Other Information**

The Management of the entity further evaluates the result of the Hospitality segment separately into Hotel Rooms, EATertainment, Food and Beverage - Non entertainment, Holiday Homes and Others, which are the key drivers of the performance of the business.

#### **Description of Sub-Segments:**

**Rooms:** Room revenue means all gross revenue derived from the rental of hotel rooms (excluding rooms managed under holiday home management agreement), net of any applicable rebates and discounts and excluding any incidental revenue such as telephone charges etc.

**EATertainment:** EATertainment segment refers to a guest experience that involves food and/or beverage dining before, after, or during other activities. These unique venues aim to blend food with entertainment, offering patrons a chance to savor their meals while enjoying a wide range of captivating activities, immersive themes, interactive performances. The segment includes revenue from event admission; F&B consumed during the events and other revenues directly associated with the events.

**Food and Beverage - Non entertainment:** The segment includes revenue and profit from sale of food, beverages and other items but are not directly connected to any event.

**Holiday Homes:** Holiday home segment refers to gross revenue derived from the rental of units owned by others but are managed by the Group under the Holiday Home Management agreement.

**Others:** All other hospitality revenues that are not connected to the above 3 segment are covered under "Others". This includes income from Spa, laundry services, telephone services and other allied services.

**FIVE Holdings (BVI) Limited and its subsidiaries****Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)****36 Segment Reporting (continued)**

	Year-ended 31 December	
	2025	2024
	AED'000	AED'000
<b>Hospitality - Revenue stream wise</b>		
Rooms	686,244	600,069
Live Events	502,198	352,795
Social Events	361,405	333,025
Food and Beverage – Non Entertainment	308,378	268,989
Others	117,720	85,797
<b>Total Hospitality - Revenue stream wise</b>	<b>1,975,945</b>	<b>1,640,675</b>
<b>Hospitality - Result stream wise</b>		
Rooms	291,698	250,403
Live Events	163,910	147,280
Social Events	127,195	109,026
Food and Beverage – Non Entertainment	79,243	68,566
Others	40,987	1,685
<b>Total Hospitality - Result stream wise</b>	<b>703,033</b>	<b>576,960</b>
Add: Pre-opening Expenses	-	27,936
<b>Total Other Adjustments Hospitality</b>	<b>-</b>	<b>27,936</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		
Rooms	291,698	250,403
Live Events	163,910	147,280
Social Events	127,195	109,026
Food and Beverage – Non Entertainment	79,243	68,566
Others	40,987	29,621
<b>Total EBITDA</b>	<b>703,033</b>	<b>604,896</b>

**Notes:**

- Segment Result = Revenue – Cost of sales – General and administrative expenses – Selling and marketing expenses + Other Income
- Preopening expense allocated in the sub-segment of hospitality based on the revenue of that sub-segment.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **37 Stock based compensation plan**

The establishment of stock based compensation plan is in accordance with IFRS 2 which is designed to increase the employee's productivity, efficiency and improve their future performance which will help the Group in achieving its goals and objectives. The inclusion parameters for the program are based on the below factors:

**For employees:**

1. Service: Those employees who have completed 5 years and shown unwavering commitment.
2. Critical: Those employees in critical roles who have made exceptional contributions to Group's success in a short span of time.

Each eligible employee is entitled to two awards, a Performance-Based Long Term Incentive Plan ("LTIP") Award and an Initial Public Offering ("IPO") Bonus LTIP Award. The value of individual awards was determined based on a multiple of basic salary and communicated to the employees in April 2024.

**Performance-Based LTIP Awards:** These awards vest over time in tranches from April 2027 to April 2029 subject to employee's performance rating and satisfaction of corporate performance conditions i.e., occurrence of IPO or achieving the targeted financial performance as well as continued employment. Upon vesting, these awards will be typically converted to shares for nil consideration, though cash settlement may occur at the LTIP administrator's discretion.

**IPO Bonus LTIP Awards:** These awards vest and convert to shares at the IPO price upon IPO occurring at or above a specified market capitalization within five years. The shares are subject to a six-month lock-up period post-IPO.

The fair value of the aforementioned awards was determined based on communicated awards value subject to employees' attrition rate 5% per annum over the vesting period, aggregated to AED 61,510 thousand.

Upon applying sensitivity to attrition rate by +/- 1%, the fair value of the awards granted will decrease/(increase) by AED 723 thousand (2024: AED 810 thousand)

**For key management personnel:**

Upon attaining the age of 60 years the key management personnel will be awarded a certain amount of non-voting shares in the Company for nil consideration subject to continued employment. The fair value of these awards aggregate to AED 270,678 thousand, determined based on Group's valuation with weighted average cost of capital (WACC) of 11.9%, terminal growth rate of 2.2% and capitalisation rate of 9.7%.

Upon applying sensitivity to below assumptions, below is the impact on the fair value of the awards

**WACC:**

	As at 31 December	
	2025	2024
+1%	(11,063)	(9,305)
-1%	11,635	10,317

**Capitalization rate:**

	As at 31 December	
	2025	2024
+1%	(11,063)	(17,741)
-1%	11,635	21,819

During the year ended 31 December 2025, the Group recognised aggregate stock-based compensation expenses of AED 40,977 thousand with an amount of AED 11,667 thousand included in cost of sales (note 27) and an amount of AED 29,310 thousand in general and administrative expenses (note 28) with corresponding stock based compensation reserve of AED 75,163 thousand included within equity.

## **FIVE Holdings (BVI) Limited and its subsidiaries**

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

#### **38 Subsequent Events**

Subsequent to the reporting date, geopolitical tensions in the Middle East have intensified leading to regional instability. Given the rapidly evolving nature of the situation, it is not currently possible to reliably quantify any potential financial impact, whether adverse or favorable. Accordingly, no adjustments have been made to the consolidated financial statements as of the reporting date, as these events are considered non-adjusting subsequent events. Management will continue to monitor developments and assess potential implications for operations, financial position, and performance.

There are no other events that have occurred subsequent to the reporting date that could materially affect these consolidated financial statements and the related disclosures for the year ended 31 December 2025.