

**ABDULMOHSEN AL-HOKAIR GROUP FOR
TOURISM AND DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

**ABDULMOHSEN AL-HOKAIR GROUP FOR TOURISM AND DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL AND INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2022**

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Independent auditor's report to the shareholders of Abdulmohsen Alhokair Tourism and Development Company (A Saudi Joint Stock Company)

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Abdulmohsen Alhokair Tourism and Development Company (the "Company") and its subsidiaries (together the "Group") as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in shareholders' equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Material uncertainty relating to going concern

We draw attention to Note 2 to the accompanying consolidated financial statements, which indicates that the Group incurred a net loss of Saudi Riyals 81.49 million for the year ended 31 December 2022 resulting in accumulated losses of Saudi Riyals 24.62 million as at 31 December 2022. In addition, the Group's current liabilities exceeded its current assets by Saudi Riyals 229.17 million as at 31 December 2022. The Group is mainly dependent on the successful execution of the Group's business plans to generate sufficient cash flows so as to enable it to both meet its obligations as they fall due and maintain the continuity of its operations without significant curtailment. As further described in Note 2, these conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent auditor's report to the shareholders of Abdulmohsen Alhokair Tourism and Development Company (A Saudi Joint Stock Company) – (continued)

Our audit approach

Overview

Key Audit Matter

Carrying amounts of non-financial assets

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where board of directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud. We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Carrying amounts of non-financial assets

As at 31 December 2022, the aggregate carrying amount of non-financial assets of the Group comprising investments in joint ventures, property, equipment and projects under construction, intangible assets and right of use assets amounted to Saudi Riyals 1.76 billion.

Management performs a formal assessment at each reporting period-end to consider whether there is any indication that the non-financial assets may be impaired and therefore require a more detailed assessment of their recoverable amounts in accordance with IAS36. As a result of the exercise, no indicators of impairment as at 31 December 2022 were identified by management.

In assessing whether there is any indication that an asset may be impaired, management considers both external and internal sources of information (e.g. financial performance of the Group, significant decline in assets value, adverse effect on the Group in the technological, market, economic or legal environment, increase in the market rates of return, decline in market capitalization, obsolescence or physical damage of an asset etc.).

We considered this to be a key audit matter given the significance of the balances and management judgment involved in identifying potential impairment triggers.

We performed the following procedures:

- Obtained an understanding of the design and implementation of key controls over the process of impairment indicator identification.
- Obtained the assessments prepared by management for each of the major classes of assets and the key assumptions underpinning them. Consequently, we evaluated the reasonableness of management's assessment through the following:
 - tested the input data used in the assessments to the relevant supporting documentation;
 - Checked the mathematical accuracy of the data used in the assessment.
- Assessed the adequacy and appropriateness of the related disclosures in the accompanying consolidated financial statements.

Refer to Note 5, Note 6, Note 7 and Note 8 to the consolidated financial statements for further information.



Independent auditor's report to the shareholders of Abdulmohsen Alhokair Tourism and Development Company (A Saudi Joint Stock Company) – (continued)

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Group's Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

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

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

Responsibilities of Board of Directors and those charged with governance for the consolidated financial statements

Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, board of directors 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 board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e., the Board of Directors, are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, 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 International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, 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.



Independent auditor's report to the shareholders of Abdulmohsen Alhokair Tourism and Development Company (A Saudi Joint Stock Company) – (continued)

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

- 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 the board of directors.
- Conclude on the appropriateness of board of directors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the 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.

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

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

PricewaterhouseCoopers

Khalid A. Mahdhar
License Number 368

April 9, 2023

ABDULMOHSEN AL-HOKAIR GROUP FOR TOURISM AND DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Notes	31 December 2022 SR'000	31 December 2021* SR'000 (Restated)	1 January 2021* SR'000 (Restated)
Assets				
Non-current assets				
Investments in joint ventures	5	105,632	101,233	107,183
Property, equipment and projects under construction	6	779,812	885,902	1,071,763
Intangible assets	7	8,530	5,162	5,392
Long - term loans to a joint venture	20.4	10,734	15,366	14,431
Right of use assets	8	857,956	825,424	852,298
Total non-current assets		1,762,664	1,833,087	2,051,067
Current assets				
Inventories	12	19,530	18,486	22,979
Trade receivables	10	92,413	88,195	55,598
Prepayments and other current assets	11	137,072	46,920	84,210
Financial asset held at FVTPL		10,053	-	-
Cash and cash equivalents	9	45,206	171,461	67,774
Total current assets		304,274	325,062	230,561
Total assets		2,066,938	2,158,149	2,281,628
Shareholders' equity and liabilities				
Shareholders' equity				
Share capital	13	315,000	650,000	550,000
Other reserves	14	(219)	171	(242)
Accumulated losses		(24,615)	(278,127)	(306,030)
Total shareholders' equity		290,166	372,044	243,728
Non-current liabilities				
Non-current portion of long term loans	15	340,953	366,721	392,406
Non-current portion of lease liabilities	16	853,857	834,037	813,966
Employees' terminal benefits liabilities	17	48,519	50,320	49,335
Total non-current liabilities		1,243,329	1,251,078	1,255,707
Current liabilities				
Trade payables and other current liabilities	18	244,063	238,432	226,738
Short term loans and current portion of Long - term loans	15	168,018	187,526	310,412
Current portion of lease liabilities	16	114,502	102,209	231,501
Provision for zakat	19	6,860	6,860	13,542
Total current liabilities		533,443	535,027	782,193
Total liabilities		1,776,772	1,786,105	2,037,900
Total shareholders' equity and liabilities		2,066,938	2,158,149	2,281,628

* Refer to note 33 for more details about the restatement for the comparative figures.

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

**ABDULMOHSEN AL-HOKAIR GROUP FOR TOURISM AND DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME**

(All amounts in thousands Saudi Riyals unless otherwise stated)

	Notes	For the year ended 31 December 2022 SR'000	For the year ended 31 December 2021* SR'000 (Restated)
Revenue from contracts with customers			
- Hotels	21	356,805	381,891
- Entertainment	21	327,720	287,468
- Others	21	36,368	39,058
Total revenues		720,893	708,417
Direct costs			
- Hotels		(293,727)	(335,200)
- Entertainment		(252,330)	(233,318)
- Others		(38,813)	(36,127)
Total direct costs	22	(584,870)	(604,645)
Gross profit		136,023	103,772
Selling and marketing expenses	23	(27,085)	(27,067)
General and administrative expenses	24	(150,111)	(155,100)
Loss on disposal of property and equipment and write offs		(16,924)	(61,238)
Gain from lease termination	25	39,348	43,373
Other income		656	974
Provision impairment loss on trade receivable and related parties receivables		(4,998)	(5,756)
Net expenses		(159,114)	(204,814)
Operating loss		(23,091)	(101,042)
Financial charges on loans		(24,201)	(20,740)
Financial charges on lease liabilities	16	(34,638)	(44,294)
Income from short term investments		53	-
Share in net results of joint ventures	5.1	389	(6,444)
Loss before zakat		(81,488)	(172,520)
Zakat	19.1	-	(1,195)
Net loss for the year		(81,488)	(173,715)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of post-employment benefit obligations, net of zakat	17.4	1,070	416
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	14	(1,460)	(3)
Other comprehensive (loss)/ income for the year		(390)	413
Total comprehensive loss for the year		(81,878)	(173,302)
Loss per share:			
Basic and diluted loss per share (SR)	26	(2.59)	(6.76)

* Refer to note 33 for more details about the restatement for the comparative figures.

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

**ABDULMOHSEN AL-HOKAIR GROUP FOR TOURISM AND DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Share capital	Other reserves	Accumulated losses	Total shareholders' equity
	SR'000	SR'000	SR'000	SR'000
<u>For the year ended 31 December 2021</u>				
At the beginning of the year	550,000	(242)	(302,334)	247,424
Correction of errors (Note 33)	-	-	(3,696)	(3,696)
At the beginning of the year (Restated - note 33)	550,000	(242)	(306,030)	243,728
Net loss for the year (Restated - note 33)	-	-	(173,715)	(173,715)
Other comprehensive income for the year (note 14)	-	413	-	413
Total comprehensive income /(loss) for the year (Restated - note 33)	-	413	(173,715)	(173,302)
Absorption of losses (note 13)	(207,000)	-	207,000	-
Increase in share capital (note 13)	307,000	-	-	307,000
Cost of rights issue	-	-	(5,382)	(5,382)
Balance as at 31 December 2021 (Restated - note 33)	650,000	171	(278,127)	372,044
<u>For the year ended 31 December 2022</u>				
At the beginning of the year	650,000	171	(278,127)	372,044
Net loss for the year	-	-	(81,488)	(81,488)
Other comprehensive loss for the year (note 14)	-	(390)	-	(390)
Total comprehensive loss for the year		(390)	(81,488)	(81,878)
Absorption of losses (note 13)	(335,000)	-	335,000	-
Balance as at 31 December 2022	315,000	(219)	(24,615)	290,166

* Refer to note 33 for more details about the restatement for the comparative figures.

 _____ Chairman of the Board of Directors	 _____ Chief Executive Officer	 _____ Chief Financial Officer
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The attached notes 1 to 34 form an integral part of these consolidated financial statements.

ABDULMOHSEN AL-HOKAIR GROUP FOR TOURISM AND DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
(All amounts in thousands Saudi Riyals unless otherwise stated)

		For the year ended 31 December 2022 SR'000	For the year ended 31 December 2021* SR'000 (Restated)
	Notes		
Operating activities			
Loss before zakat		(81,488)	(172,520)
Adjustments for:			
Depreciation of property and equipment	6.1	132,406	151,602
Amortization of intangible assets	7	1,389	1,538
Loss on disposal and write-off of property and equipment		16,924	61,238
Depreciation of right of use assets	8	89,595	101,470
Rent concession	16	(6,368)	(18,862)
Gain from lease termination		(39,348)	(43,373)
Impairment loss on trade receivables and related parties receivables	10.1&20.3	4,998	5,756
Provision for slow moving inventories	12.1	957	782
Share of net results of joint ventures	5.1	(389)	6,444
Financial charges on loans		24,201	20,740
Financial charges on lease liabilities	16	34,638	44,294
Finance income from joint venture		(699)	(935)
Income from short - term investments		(53)	-
Loss on disposal of investments in joint ventures		50	-
Employees' terminal benefits liabilities, net	17.4	9,900	9,484
		186,713	167,658
Changes in working capital			
Trade receivables		(8,847)	(34,715)
Prepayments and other current assets		(57,844)	32,151
Inventories		(2,001)	3,711
Trade payables and other current liabilities		1,704	(3,569)
Net cash from operating activities		119,725	165,236
Zakat paid	19.1	-	(7,877)
Employees' terminal benefits paid	17.4	(10,502)	(8,083)
Net cash generated from operating activities		109,223	149,276
Investing activities			
Additions to property, equipment and projects under construction	6	(54,180)	(28,957)
Additions to intangible assets	7	(4,757)	(1,309)
Proceeds from disposal of property and equipment		9,570	1,979
Dividends received from joint ventures	5.1	12,630	-
Additions to investments in joint ventures	5.1	(150)	-
Long - term Loans to a joint venture		(11,140)	-
Financial asset held at FVTPL		(10,000)	-
Net cash used in investing activities		(58,027)	(28,287)

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

ABDULMOHSEN AL-HOKAIR GROUP FOR TOURISM AND DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Notes	For the year ended 31 December 2022 SR'000	For the year ended 31 December 2021* SR'000
Financing activities			
Increase in share capital		-	307,000
Proceeds from loans	15	210,483	484,282
Repayment of loans	15	(255,759)	(632,853)
Payment of lease liabilities	16	(111,614)	(147,859)
Finance cost paid		(20,472)	(22,487)
Cost of rights issue		-	(5,382)
Net cash used in financing activities		(177,362)	(17,299)
Net (decrease) / increase in cash and cash equivalents		(126,166)	103,690
Exchange differences on translation of foreign operations	14	(89)	(3)
Cash and cash equivalents at the beginning of the year		171,461	67,774
Cash and cash equivalents at the end of the year		45,206	171,461
Non-cash transactions:			
Additions to right of use assets		166,593	130,162
Additions to lease liabilities		(166,593)	(130,162)
Transfer from loans to a joint venture		16,471	-
Absorption of accumulated losses	13	335,000	-

* Refer to note 33 for more details about the restatement for the comparative figures.

		
Chairman of the Board of Directors	Chief Executive Officer	Chief Financial Officer

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

**ABDULMOHSEN AL-HOKAIR GROUP FOR TOURISM AND DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1 General information

Abdulmohsen Al-Hokair Group for Tourism and Development Company (the "Company") is a Saudi Joint Stock Company that operates under commercial registration number 1010014211 dated 16 Sha'aban 1398H (corresponding to 22 July 1978) and has branches and divisions operating in Riyadh, Jeddah, Khobar and other cities within the Kingdom of Saudi Arabia ("KSA").

The registered address of the Group is Al Murooj District North Ring Road between exit 4 and 5 after Double Tree Hilton P.O. Box 57750 Riyadh 11584.

The Company and its subsidiaries listed below (the "Group") are engaged in the establishment, management and operations of the following:

- Hotels and furnished apartments.
- Entertainment centers, recreation centers and tourist resorts.
- Commercial mall.
- Restaurants, parks and similar facilities.

The Company has invested in the following subsidiaries, which are included in these consolidated financial statements:

Subsidiary	Direct and indirect Ownership %		Principal activity	Country of incorporation
	2022	2021		
Sparky's Land Amusement Toys Company ("Sparky's")	100%	100%	Operation and management of electrical games hall, children amusement games hall and electronic games.	United Arab Emirates
Asateer Company for Entertainment and Tourism	100%	100%	Operation and management of electrical games hall, children amusement games hall and electronic games	Arab Republic of Egypt
Osool Al Mazaya Hospitality Company	85%	85%	Establishment and operation of sport facilities projects	Kingdom of Saudi Arabia

Since the subsidiaries are wholly or substantially owned by the Company, the non-controlling interest is insignificant and therefore not disclosed. All of the above-mentioned subsidiaries have been consolidated.

2 Going concern

The consolidated financial statements, indicates that the Group incurred a net loss of Saudi Riyals 81.49 million for the year ended 31 December 2022 resulting in accumulated losses of Saudi Riyals 24.62 million as at 31 December 2022. In addition, the Group's current liabilities exceeded its current assets by Saudi Riyals 229.17 million as at 31 December 2022 (December 31, 2021: Saudi Riyals 209.96 million). These conditions indicate the existence of a material uncertainty that may cast a doubt on the Group's ability to continue as a going concern.

Management assessed the Group's ability to successfully meet its business plan and to generate sufficient cash flows to meet its obligations for the next 12 months. In preparing the forecast, management has considered all reasonably probable cash flows with such timing and amount as supported by the circumstances and facts available as of the date of the approval of these consolidated financial statements. In preparing its business plan the management considered the following factors:

**ABDULMOHSEN AL-HOKAIR GROUP FOR TOURISM AND DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2 Going concern (continued)

- 1- The Group has continued to improve its operations and its revenue increased to reach SR 720 million in 2022 compared to SR 708 million and SR 613 million in years 2021 and 2020, respectively. In addition, there is an expectation of further growth in the next 12 months, as new key contracts have been secured in new market segments.
- 2- The business of entertainment and hospitality is witnessing a recovery mainly in the Saudi market as driven by the full lifting of precautional measurements related to Covid-19 and the positive impact of the initiatives that have been taken by the government as part of 2030 vision to encourage the local and international tourism activities inside the Kingdom, which had a positive impact on the Group's results in these two segments as detailed below and the management believes that the Group will be able to achieve further improvements in the next 12 months:
 - A Hotels witnessed improvement in gross profit to reach SR 63 million compared to SR 46 million in the year 2021.
 - b Entertainment witnessed improvement in gross profit to reach SR 75 million compared to SR 54 million in the year 2021.
- 3- The Group was able to settle all its maturing loans with original due dates in 2022 which amounted to SR 255.7 million and the same level of commitment is included in the plans for the next 12 months for loans amounting to SR 168.02 million.
- 4- The Group was able to renew all bank facilities historically and despite the fact that the Group did not achieve the targets of certain loan covenants, it was not in breach of the covenants as the Group has obtained waivers from the relevant banks prior to year end as further clarified in note (15), which shall support the Group's ability to utilise the available facilities and its revolving credit lines during the next 12 months..
- 5- The Group continued to generate positive cash flows from its operating activities and generated SR 109 million in 2022 and management believes that the Group will be able to generate positive cash flows in its plan for the next 12 months.
- 6- The Group has absorbed the accumulated losses as of 30 September 2022 through a capital reduction amounting to SAR 335 million pursuant to the approval of its extraordinary general assembly held on 6 October 2022.

Based on the above business plan, the Group's cash flow forecast for the 12-month period from the reporting date shows a net positive cash flow position and the Group's management believe that it would be able to generate sufficient cash flows to enable it to meet its obligations as they fall due for the next 12 months from the date of these consolidated financial statements considering the above mentioned factors. However, there is a continued dependence on the successful outcome of the following:

- The Group's ability to successfully meet its business plan and to generate sufficient cash flows to meet its obligations for the next 12 months from the date of approval of these consolidated financial statements.
- Ability to continue renewing the existing bank facility arrangements once they expire or if there is a debt covenant breach.
- Ability to continue to use the unutilized facilities amounting to SR 32 million as of 31 December 2022, which the Group has eligibility to withdraw.
- Ability to roll-over the revolving facilities as they mature.

Accordingly, management continues to believe that it remains appropriate to prepare the consolidated financial statements on a going concern basis. Therefore, the consolidated financial statements have been prepared on a going concern basis.

**ABDULMOHSEN AL-HOKAIR GROUP FOR TOURISM AND DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3 Significant accounting policies

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed in KSA and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (referred to thereafter as IFRS as endorsed in KSA).

3.2 Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention. Except for employees’ terminal benefits liabilities that are recognized at the present value of future obligations using the Projected Unit Credit Method.

3.3 Functional and presentation currency

The consolidated financial statements are presented in Saudi Riyal (SR) which is also the group functional currency and all values are rounded to the nearest thousand (SR 000), except when otherwise indicated.

3.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022.

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 the following:

- 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

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3 Significant accounting policies (continued)

3.4 Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. When a Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.5 Significant accounting policies

The following are the significant accounting policies applied by the Group in preparing these consolidated financial statements:

(a) Business combinations

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

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

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3 Significant accounting policies (continued)

3.5 Significant accounting policies (continued)

(b) Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining whether joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in its joint ventures are accounted for using the equity method whereby the investments are carried in the consolidated statement of financial position at cost, adjusted by post acquisition changes in the Group's share of net assets of the joint venture, less any impairment in value. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of comprehensive income reflects the Group's share of the net results of operations of its joint ventures. Any change in OCI of those investees is presented as part of the Group's OCI. Unrealised profits and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in joint venture.

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

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the loss as 'Share of loss of joints venture' in the consolidated statement of comprehensive income.

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

(c) Revenue recognition

The Group provides hospitality and entertainment services to its customers. Revenue from contracts from customers are recognized when the control over the goods and services are transferred to the customer in an amount that reflects the compensation earned by the Group for those goods and services. The Group has concluded that it acts as a principal for all its revenue arrangements. Revenue is recognized either at a point in time or over time, when (or as) the Group satisfies the performance obligations as specified in the contract with the customer, wherever applicable, by transferring and when it transfers control over the promised service to the customer.

A five-step approach to revenue recognition is applied:

1. Identify the contract(s) with each customer.
2. Identify the performance obligations in each contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligations.
5. Recognize revenue (or as) the entity satisfies a performance obligation.

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3 Significant accounting policies (continued)

3.5 Significant accounting policies (continued)

(c) Revenue recognition (continued)

An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced.
- c) the entity's performance does not create an asset with an alternative use and the entity has an enforceable right to payment for performance completed to date.

Revenue from hotels

Revenue is derived from hotel operations, including the rental of rooms, food and beverage sales and related services. Revenue is recognised when rooms are occupied, services are rendered and food and beverages are sold.

Revenue from entertainment parks

Revenues from advance theme park ticket sales are recognised when the tickets are used. For expiring rechargeable playing cards, revenue is recognised based on an estimated usage patterns by the management that are derived from historical usage patterns.

Development revenue

Revenue from rendering of development and construction services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the development obligation at the reporting date. Where the outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Other revenue

Other revenue includes rental income and restaurant income:

Rental income arising from sublease of operating leased properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of comprehensive income due to its operating nature. Restaurant revenue is derived from sale of food and beverages and is recognized at point in time of sale.

(d) Foreign currencies

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

Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated financial statements date. All differences are recognised in consolidated statement of comprehensive income.

Translation of group companies

Financial statements of the foreign operation are translated into Saudi Riyal using the exchange rate at each statement of financial position date for assets and liabilities, and the average exchange rate for each period for revenues, expenses, gains and losses. Components of equity, other than retained earnings, are translated at the rate ruling at the date of occurrence of each component. The exchange differences arising on the translation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the consolidated statement of comprehensive income.

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3 Significant accounting policies (continued)

3.5 Significant accounting policies (continued)

(e) Property, equipment, and projects under construction

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All repair and maintenance costs are recognised in the consolidated statement of comprehensive income as incurred. The present value of the expected cost for the decommissioning of the asset after its use, is included in the cost of the respective asset if the recognition criteria for a provision is met. Improvements that increase the value or materially extend the life of the related assets are capitalised.

Projects under construction are not depreciated and are stated at cost less accumulated impairment losses, if any. These assets are transferred to property and equipment as and when assets are available for intended use.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are depreciated at the shorter of its useful life or the lease term.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each reporting period end and adjusted prospectively, if appropriate.

(f) Leases

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Right of Use (RoU) Assets / Lease Liabilities

On initial recognition, at inception of the contract, the Group shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is identified if most of the benefits are flowing to the Group and the Group can direct the usage of such assets.

Right of Use Assets

The Group applies the cost model, and measures right of use assets at cost:

- a) less any accumulated depreciation and any accumulated impairment losses; and
- b) adjusted for any re-measurement of the lease liability for lease modifications.

Generally, a RoU asset would be equal to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to the transaction, etc., these need to be added to the RoU asset value.

The estimated useful lives of the right of use assets for the calculation of depreciation are as follows:

Land	5 to 26 years
Building	5 to 17 years
Offices	10 to 12 years
Spaces in malls	5 to 18 years
Residential units	3 to 7 years

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3 Significant accounting policies (continued)

3.5 Significant accounting policies (continued)

(f) Leases (continued)

Lease Liability

On initial recognition, the lease liability is the present value of all remaining payments to the lessor. After the commencement date, the Group measures the lease liability by:

- a) Increasing the carrying amount to reflect incremental financing rate on the lease liability;
- b) Reducing the carrying amount to reflect the lease payments made; and
- c) Re-measuring the carrying amount to reflect any re-assessment or lease modification.

(g) Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (qualifying assets) are capitalized as part of the cost of the respective asset. The commencement date for capitalization is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale. capitalization of borrowing costs continues up to the date when the assets are substantially ready for their use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(h) Financial instruments

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

Financial instruments – initial recognition.

Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses (“ECL”). Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the consolidated statement of financial position.

i) Financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured 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 business model reflects how the Group manages the assets in order to generate cash flows – whether the Group’s objective is: (i) solely to collect the contractual cash flows from the assets (“hold to collect contractual cash flows”), or (ii) to collect both the contractual

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3 Significant accounting policies (continued)

3.5 Significant accounting policies (continued)

(h) Financial instruments (continued)

i) Financial assets (continued)

cash flows and the cash flows arising from the sale of assets (“hold to collect contractual cash flows and sell”) or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of “other” business model and measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

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3 Significant accounting policies (continued)

3.5 Significant accounting policies (continued)

(h) Financial instruments (continued)

(i) Financial assets (continued)

Trade receivables

Trade 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. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial assets impairment – credit loss allowance for ECL

The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at amortized cost and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts, for contract assets. The Group measures ECL and recognises net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC, trade and other receivables, loans issued and contract assets are presented in the consolidated statement of financial position net of the allowance for ECL.

The Group applies simplified approach for impairment of trade receivable and contract assets. For other financial assets the Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to Note 32 for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained in Note 32. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL.

Financial assets – write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

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3 Significant accounting policies (continued)

3.5 Significant accounting policies (continued)

(h) Financial instruments (continued)

(i) Financial assets (continued)

Financial assets – derecognition

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

ii) Financial liabilities

The Group's financial liabilities include trade and other payables, loans and Murabaha borrowings.

Loans and Murabaha borrowings

This is the category most relevant to the Group. After initial recognition, interest bearing loans and Murabaha borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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 terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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3 Significant accounting policies (continued)

3.5 Significant accounting policies (continued)

(i) Inventories

Inventories are stated at the lower of cost or estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less any cost to complete the selling process. Cost is determined using the weighted average method. Appropriate provision is made for slow - moving inventories, if any.

(j) Cash and bank balances

Cash and bank balances include cash in hand and bank balances, net off with bank over drafts, if any, that are repayable on demand and form an integral part of the Group's cash management.

(k) Contract assets

Contract assets represents the value of services executed but not yet invoiced as at the consolidated statement of financial position date. Such amount will be billed in the subsequent period.

(l) Contract liabilities

Contract liabilities represents amounts received in advance from customers and hotels guests for future periods, and it will be recognised as revenue in the consolidated statement of comprehensive income for periods subsequent to the consolidated statement of financial position date when earned.

(m) Franchise and management fee

Franchise fee includes royalty fee, license fee, marketing fee and reservation fee which are paid to franchisors on monthly basis. Management fees include payments made to the operators of hotels for providing management services on monthly basis. Both franchise and management fees are treated as an expense in the consolidated statement of comprehensive income.

(n) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating units (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Management carried out an impairment test for its non-financial assets during the reporting year ended December 31, 2021, as events and changes in circumstances indicated that the carrying amount of certain of the Group's cash generating units ("CGU") may not be recoverable, for which management has considered both internal and external information for indicators of impairment. Management used the discounted cash flow model to determine the recoverable amount of the respective CGU. Management identifies each of its hotels and entertainment centers as a separate CGU. Management determines that the recoverable amount of each CGU is its value in use. Management used a discount rate around 10% and a terminal growth rate approximate to 2.86% in estimating the value in use. The outcome of such impairment test resulted in an impairment loss for certain CGU's which has been recorded as at December 31, 2021.

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3 Significant accounting policies (continued)

3.5 Significant accounting policies (continued)

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the consolidated statement of comprehensive income.

(o) Employees' terminal benefits liabilities

The Group operates a non-funded employees end-of-service benefit plan, which is classified as defined benefit obligation under IAS 19 'Employee Benefits'. A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the consolidated financial statements for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. 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 have terms to maturity approximating to the estimated term of the post-employment benefit obligations. Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognised in the other comprehensive income in the period in which they arise.

The cost of end of service defined benefit and the present value of the related obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, withdrawal before normal retirement age, mortality rates etc. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, yield and duration of Saudi government bonds obligation with at least an 'A' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The rates assumed are based on the WHO ultimate mortality tables, rated down one year. In the absence of any standard mortality tables in the region, these rates are generally used in Kingdom of Saudi Arabia in carrying out the actuarial valuation of employees' end of service benefits' scheme. If any other mortality table is used it will not make any significant difference in the results.

(p) Zakat

Zakat is provided for in accordance with Saudi Arabian fiscal regulations. The provision is recognised in the consolidated statement of comprehensive income. Zakat liability is estimated in the consolidated financial statements which is finally calculated at year end. Additional amounts, if any, that may become due on finalisation of an assessment are accounted for in the year in which assessment is finalized.

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3 Significant accounting policies (continued)

3.5 Significant accounting policies (continued)

(q) Withholding tax

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required by Saudi Arabian Income Tax Law.

(r) Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:

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

(s) Dividends

The Group recognises a liability to make cash or non-cash distributions to shareholders of equity when the distribution is authorised and the distribution is no longer at the discretion of the Group. Final dividends are recognised as a liability at the time or at the period of their approval by the General Assembly. Interim dividends are recorded as and when approved by the Board of Directors. A corresponding amount is recognised directly in the consolidated statement of changes in shareholders' equity.

(t) Operating segment

For management purposes, the Group is organised into business units based on their operations and has the following reportable segments:

- Hotel Segment - Engaged in hotel, tourism, health resorts, furnished apartments, restaurants and cafes;
- Entertainment Segment - Engaged in establishment management, operation and maintenance of fun cities, entertainment centers, parks and gardens.
- Others - includes the operations of head office, commercial center and other segments

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3 Significant accounting policies (continued)

3.6 Amendements and changes in accounting policies resulting from amendements in standards

New standards, interpretations and amendments adopted by the Group

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after January 1, 2022:

Title	Key requirements	Effective date *
Property, Plant and Equipment: Proceeds Before Intended Use – Amendments to IAS 16	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is ‘testing whether the asset is functioning properly’ when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity’s ordinary activities.	January 01, 2022
Reference to the Conceptual Framework – Amendments to IFRS 3.	Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	January 01, 2022
Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020	The following improvements were finalised in May 2020: • IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities. • IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. • IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent’s books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption. • IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.	January 01, 2022

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3 Significant accounting policies (continued)

3.6 Amendements and changes in accounting policies resulting from amendements in standards (continued)

Title	Key requirements	Effective date *
New standards, interpretations and amendments issued but not yet effective		
IFRS 17 Insurance Contracts	<p>IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of:</p> <ul style="list-style-type: none"> • discounted probability-weighted cash flows • an explicit risk adjustment, and • a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. <p>The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.</p> <p>An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.</p> <p>There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.</p> <p>The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.</p> <p>Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023. Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis.</p>	January 1, 2023 (deferred from January 1, 2021) *

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3 Significant accounting policies (continued)

3.6 Amendements and changes in accounting policies resulting from amendements in standards (continued)

Title	Key requirements	Effective date *
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.	January 1, 2024 (deferred from January 1, 2022)
New standards, interpretations and amendements issued but not yet effective (continued)		
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	January 1, 2023
Definition of Accounting Estimates – Amendments to IAS 8	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	January 1, 2023
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	The amendments to IFRS 16, issued in September 2022, aim to address that gap. IFRS 16 now specifies that, in subsequently measuring the lease liability, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains.	January 1, 2024

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3 Significant accounting policies (continued)

3.6 Amendments and changes in accounting policies resulting from amendments in standards (continued)

New standards, interpretations and amendments issued but not yet effective(continued)		
Title	Key requirements	Effective date *
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	<p>The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.</p> <p>The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition,</p> <p>entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:</p> <ul style="list-style-type: none"> • right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. <p>The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.</p> <p>IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.</p>	January 1, 2023
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	<p>The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.</p> <p>*** In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.</p>	n/a ***

* Applicable to reporting periods commencing on or after the given date.

These amended standards became applicable from the reporting periods commencing on or after the January 01, 2023. The Group's management has not opted for earlier adoption of any of the above-mentioned standards, interpretations and amendments issued but not yet effective. Based on the management's best estimates and judgement, the Group did not foresee any significant changes in its accounting policies or significant retrospective adjustments as a result of adopting these amendments or new standards.

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4 Significant judgments, assumptions and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, costs, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

However, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the Group's last annual audited consolidated financial statements as at and for the year ended December 31, 2021.

Going concern

The consolidated financial statements have been prepared on a going concern basis. The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Please refer to note 2 for further details.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating units (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Management carried out an impairment test for its non-financial assets during the reporting year ended December 31, 2021, as events and changes in circumstances indicated that the carrying amount of certain of the Group's cash generating units ("CGU") may not be recoverable, for which management has considered both internal and external information for indicators of impairment. Management used the discounted cash flow model to determine the recoverable amount of the respective CGU. Management identifies each of its hotels and entertainment centers as a separate CGU. Management determines that the recoverable amount of each CGU is its value in use. Management used a discount rate around 10% and a terminal growth rate approximate to 2.86% in estimating the value in use. The outcome of such impairment test resulted in an impairment loss for certain CGU's which has been recorded as at December 31, 2021.

During the year ended December 31, 2022, the management did not identify any indicators of impairment. Whilst the Group operated at a net loss in the current and prior year, this is mainly driven by the non-cash expenses, whereas the revenue and gross profit have increased. Market capitalisation of the Group is significantly above the carrying value of its net assets. The Group is generating strong operating cash flows with no adverse changes in the market, economic and legal environment observed during 2022. The Group does not have any non-current assets which are physically damaged or not utilised within its operations. There is no evidence which could indicate that the economic performance of the CGUs is, or will be, worse than expected.

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4 Significant judgments, assumptions and estimates (continued)

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. In the current and previous year, a change in GDP growth by 1% would not have a material impact on the expected credit losses in both periods.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 10.

Determining the lease term of contracts with renewal and termination options

Extension and termination options are included in a number of land and buildings leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of land and buildings, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations, the costs and business disruption required to replace the leased asset, historic experience and also the applicable norms, sharia principles, laws and regulations endorsed by the governments of countries where the group operates.

In the current year, the management identified that its assessment of lease term which was performed in prior years was not consistent with the requirements of IFRS 16 - Leases ("IFRS 16") as endorsed by the Kingdom of Saudi Arabia. In a number of cases, the lease terms were found to be significantly shorter than the expected useful life of the underlying leasehold improvements and also of other assets (such as buildings) located within the leased premises. Management has a strong intention to utilise the assets in the course of the group's business until the end of their useful lives. Accordingly, the group has significant economic incentives to renew or extend the leases by either utilising the extension options or by negotiating a new lease term – which was not reflected in the initial determination of lease term upon adoption of IFRS 16 on 1 January 2019. Accordingly, the accounting for leases has been corrected, please see Note 33 for details of the restatement.

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4 Significant judgments, assumptions and estimates (continued)

Employees' terminal benefits liabilities

The present value of the Employees' terminal benefits liabilities is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Discount rate

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the rate of return on high-quality fixed income investments currently available and the expected period to maturity of the Employees' terminal benefits liabilities.

Mortality rate

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes.

Salary rate and future pension increase

Estimates of future salary increase, takes into account inflation, seniority, promotion and past history. Further details about employees' terminal benefits liabilities are provided in note 17.

Property and equipment useful life and residual value

The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) the technical or commercial obsolescence arising from changes in market conditions. Management estimated and assessed that useful life and residual value of property and equipment have not changed significantly. Any change in the estimated useful life or depreciation pattern will be accounted for prospectively.

Were the estimated useful lives to differ by 10% from management's estimates, the impact on depreciation for the year ended 31 December 2022 would be to increase it by SAR 13 million or decrease it by SAR 13 million (2021: increase by SAR 15 million or decrease by SAR 15 million).

Provisions and contingencies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current interest rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or all present obligations arising from past events but not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability; assessed at each statement of financial position date and disclosed in the financial statements under contingent liabilities.

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4 Significant judgments, assumptions and estimates (continued)

Zakat

Zakat is provided for in accordance with Saudi Arabian fiscal regulations. The provision is recognised in the consolidated statement of comprehensive income. Zakat liability is estimated in the consolidated financial statements which is finally calculated at year end. Additional amounts, if any, that may become due on finalisation of an assessment are accounted for in the year in which assessment is finalized.

Zakat computation involves relevant knowledge and judgment of the Zakat rules and regulations to assess the impact of Zakat liability at a particular period end. This liability is considered an estimate until the final assessment by ZATCA is carried out until which the Group retains exposure to additional Zakat liability.

5 Investments in joint ventures

Investments in joint ventures represent investments in the following companies which are limited liability companies, except Tourism and Real Estate Development Company which is a Saudi closed joint stock company. All companies below are registered in the Kingdom of Saudi Arabia. The Group's investments in joint ventures is accounted for using the equity method in these consolidated financial statements.

	Ownership		2022 SR '000	2021 SR '000
	2022 %	2021 %		
Joint Ventures				
Tourism and Real Estate Development Company	48.5	48.5	65,338	70,917
Asateer Company for Entertainment Projects Limited	50.0	50.0	18,272	20,794
Luxury Entertainment LLC	31.0	31.0	16,691	7,560
Tarfeeh Company for Tourism and Projects Limited	50.0	50.0	283	1,912
Al Qaseem Trading Company Limited	50.0	50.0	4,695	-
Asateer Gulf Sports Company Limited	33.33	-	353	-
Al Khaleejiya Company for Entertainment Limited	50.0	50.0	-	50
			105,632	101,233

5.1 Movement in the investments in joint ventures:

	2022 SR '000	2021 SR '000
At the beginning of the year	101,233	107,183
Additions during the year	150	-
Share in net results	389	(6,444)
Share in other comprehensive income items	(129)	-
Transferred from loans to a joint venture	16,471	-
Absorption of losses	198	494
Dividends	(12,630)	-
Disposal	(50)	-
At the end of the year	105,632	101,233

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5 Investments in joint ventures (continued)

5.2 Interest in material joint ventures

5.2.1 Tourism and Real Estate Development Company

The Group has a 48.5% interest in Tourism and Real Estate Development Company, a joint venture involved in the hospitality business in Saudi Arabia.

Summarised financial information of the joint venture, based on its financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Statement of financial position of Tourism and Real Estate Development Company as of 31 December:

	2022 SR '000	2021 SR '000
Current assets	15,135	29,784
Cash and cash equivalents	20,164	11,102
Non-current assets	112,718	116,980
Current liabilities, including zakat payable	(9,783)	(8,453)
Current financial liabilities (excluding trade and other payables & provisions)	-	-
Non-current liabilities	(3,517)	(3,193)
Non-current financial liabilities	-	-
Equity	134,717	146,220
Opening equity 1 January	146,220	140,055
Net income for the year	6,497	6,165
Dividends declared	(18,000)	-
Closing equity 31 December	134,717	146,220
Proportion of the Group's ownership	48.50%	48.50%
Carrying amount of the investment	65,338	70,917

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5 Investments in joint ventures (continued)

5.2 Interest in material joint ventures (continued)

Statement of comprehensive income of Tourism and Real Estate Development Company for the years ended 31 December:

	2022	2021
	SR '000	SR '000
Revenues	36,962	36,358
Expenses	(25,595)	(23,856)
Depreciation	(4,994)	(5,008)
Other income	850	183
Income before zakat	7,223	7,677
Zakat	(727)	(1,512)
Net income for the year	6,496	6,165
Total comprehensive income for year	6,496	6,165
Group's share of total comprehensive income for the year	3,151	2,990

5.2.2 Asateer Company for Entertainment Projects Limited

The Group has a 50% interest in Asateer Company for Entertainment Projects Limited, a joint venture involved in the entertainment business in Saudi Arabia.

Summarised financial information of the joint venture, based on its financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Statement of financial position of Asateer Company for Entertainment Projects Limited as of 31 December:

	2022	2021
	SR '000	SR '000
Current assets	11,952	6,817
Cash and cash equivalents	5,431	3,547
Non-current assets	33,347	36,248
Current liabilities, including zakat payable	(12,947)	(4,278)
Current financial liabilities	-	-
Non-current liabilities	(1,239)	(746)
Non-current financial liabilities	-	-
Equity	36,544	41,588
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	18,272	20,794
Opening equity 1 January	41,588	37,449
Net income for the year	3,011	4,139
Dividends declared	(7,797)	-
Other comprehensive loss	(258)	-
Closing equity 31 December	36,544	41,588
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	18,272	20,794

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5 Investments in joint ventures (continued)

5.2 Interest in material joint ventures (continued)

Statement of comprehensive income of Asateer Company for Entertainment Projects Limited for the years ended 31 December:

	2022	2021
	SR '000	SR '000
Revenues	37,192	28,299
Expenses	(20,953)	(17,191)
Depreciation	(6,923)	(6,831)
Finance costs	-	(77)
Other loss	(5,622)	184
Income before zakat	3,694	4,384
Zakat	(683)	(245)
Net income for the year	3,011	4,139
Other comprehensive loss	(258)	-
Total comprehensive income for year	2,753	4,139
Group's share of total comprehensive income for the year	1,377	2,070

5.2.3 Luxury Entertainment LLC

The Group has a 31% interest in Luxury Entertainment LLC, a joint venture involved in the acquisition, development and operating multiplex cinemas for the purpose of film exhibition, film distribution and other related services in Saudi Arabia.

Summarised financial information of the joint venture, based on its financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Statement of financial position of Luxury Entertainment LLC as of 31 December:

	2022	2021
	SR '000	SR '000
Current assets	2,164	3,235
Cash and cash equivalents	3,448	14,286
Non-current assets	178,841	130,883
Current liabilities, including zakat payable	(22,639)	(23,297)
Current financial liabilities	-	-
Non-current liabilities	(73,235)	(43,037)
Non-current financial liabilities	(34,738)	(57,683)
Equity	53,841	24,387
Proportion of the Group's ownership	31%	31%
Carrying amount of the investment	16,691	7,560
Opening equity 1 January	24,387	45,297
Net income for the year	(23,676)	(20,910)
Additional capital	53,130	-
Other comprehensive loss	-	-
Closing equity 31 December	53,841	24,387
Proportion of the Group's ownership	31%	31%
Carrying amount of the investment	16,691	7,560

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6. Property, equipment, and projects under construction

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Buildings and improvements	10 to 30 years	Air conditioners	6 to 10 years
Entertainment equipment	4 to 10 years	Computers	4 years
Furniture and fixtures	4 to 8 years	Tools	3 to 10 years
Motor vehicles	4 to 5 years		

	Buildings and improvements	Entertainment equipment	Furniture and fixtures	Motor Vehicles	Air conditioners	Computers	Tools	Projects Under construction	Total
December 31, 2022	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Cost:									
At 1 January 2022	1,112,996	653,924	278,864	27,272	94,912	64,150	170,189	10,378	2,412,685
Additions	11,478	10,246	2,086	253	1,246	774	128	27,969	54,180
Disposals and write-offs (*)	(69,250)	(28,744)	(23,660)	(2,741)	(12,087)	(4,645)	(24,051)	(2,067)	(167,245)
Transfer from projects under construction	4,415	102	547	204	511	708	1,913	(8,400)	-
Exchange difference	(532)	(1,112)	(6)	(32)	-	(39)	-	(65)	(1,786)
At 31 December 2022	1,059,107	634,416	257,831	24,956	84,582	60,948	148,179	27,815	2,297,834
Depreciation:									
At 1 January 2022	499,280	512,322	229,541	27,011	68,133	58,287	129,518	2,691	1,526,783
Charge for the year	58,318	38,028	17,285	221	6,845	3,047	8,662	-	132,406
Disposals and write-offs (*)	(52,311)	(27,488)	(22,295)	(2,741)	(10,251)	(3,545)	(20,053)	(2,067)	(140,751)
Exchange difference	(81)	(295)	(4)	(19)	-	(17)	-	-	(416)
At 31 December 2022	505,206	522,567	224,527	24,472	64,727	57,772	118,127	624	1,518,022
Net book values:									
As at 31 December 2022	553,901	111,849	33,304	484	19,855	3,176	30,052	27,191	779,812

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6. Property, equipment, and projects under construction (continued)

- (*) During the year, the Group has disposed of assets of a certain hotel, due to the termination of lease agreement. In addition, on July 19, 2022, the municipality of Jeddah notified the Group's parent company (Abdulmohsen Abdulaziz Al Hokair Group), to evacuate a hotel which the parent Company owns and leases to the Group. The hotel is on a piece of land which the municipality of Jeddah intends to develop. As a result, the Group assessed the financial impact of expropriation of the hotel and recorded a write-off loss equivalent to its carrying value amounting to SR 23.6 million. Furthermore, the Group and its Parent Company has entered into a lease termination agreement dated September 6, 2022 whereby it was agreed that the Parent Company will compensate the Group with an amount of SR 23.6 million as a result of the lease termination and the expropriation of the hotel by the municipality of Jeddah. (note 20)

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6 Property, equipment, and projects under construction(continued)

	Buildings and improvements	Entertainment equipment	Furniture and fixtures	Motor Vehicles	Air conditioners	Computers (Restated, Note 33)	Tools	Projects under construction (**)	Total
December 31, 2021	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Cost:									
At 1 January 2021	1,166,363	662,582	281,975	27,469	89,677	63,439	170,820	18,519	2,480,844
Additions	9,463	4,036	2,398	161	2,621	1,521	736	8,021	28,957
Disposals and write-offs (*)	(63,995)	(12,694)	(5,772)	(358)	(2,132)	(1,228)	(2,504)	(8,433)	(97,116)
Transfer from project under construction	1,165	-	263	-	4,746	418	1,137	(7,729)	-
At 31 December 2021	1,112,996	653,924	278,864	27,272	94,912	64,150	170,189	10,378	2,412,685
Depreciation:									
At 1 January 2021	451,225	482,224	215,231	27,284	60,286	54,930	117,901	-	1,409,081
Charge for the year	66,458	41,381	19,454	85	8,690	4,212	11,322	-	151,602
Impairment loss (note 6.2)	27,474	-	106	-	864	40	2,228	2,691	33,403
Disposals and write-offs (*)	(45,877)	(11,283)	(5,250)	(358)	(1,707)	(895)	(1,933)	-	(67,303)
At 31 December 2021	499,280	512,322	229,541	27,011	68,133	58,287	129,518	2,691	1,526,783
Net book values:									
As at 31 December 2021	613,716	141,602	49,323	261	26,779	5,863	40,671	7,687	885,902

(*) Disposals and write-offs for the year ended 31 December 2021 included a net book value amount of SR 10.96 million which pertained to an entertainment center, that had to be abandoned by the Group as the piece of land was required as part of government's development plan. Although, the Group is expected to be compensated for this loss, however, the related amount could not be reliably estimated at December 31, 2021 and as at 31 December 2022. Total write-offs (net book values) during 2021 was SR 20.5 million.

(**) During the year ended December 31, 2021, the Group decided to discontinue a project under construction, which relates to a commercial center, based on the current circumstances and future outlook. This resulted in a loss of SR 8.4 million during the year ended December 31, 2021.

The above assets are situated on land and buildings that are leased from a principal shareholder of the Group, Under common control and third parties.

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6 Property, equipment, and projects under construction(continued)

6.1 The depreciation charge has been allocated within the consolidated statement of comprehensive income as follows:

	2022	2021 (Restated, Note33)
	SR '000	SR '000
Direct costs	127,528	146,284
General and administration expenses	4,878	5,318
	132,406	151,602

6.2 Impairment of property and equipment

The Group has performed an impairment indicator assessment of property and equipment, by reviewing the carrying amounts of its property and equipment to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Management carried out an impairment test for its non-financial assets during the reporting year ended December 31, 2021, as events and changes in circumstances indicated that the carrying amount of certain of the Group's cash generating units ("CGU") may not be recoverable, for which management has considered both internal and external information for indicators of impairment. Management used the discounted cash flow model to determine the recoverable amount of the respective CGU. Management identifies each of its hotels and entertainment centers as a separate CGU. Management determines that the recoverable amount of each CGU is its value in use. Management used a discount rate of 10% and a terminal growth rate of 2.86% in estimating the value in use. It was concluded that the recoverable amount was lower than the carrying value for certain CGU's in both sectors and as a result the Group has recorded an impairment loss of SR 17.87 million for certain hotels and SR 12.84 million for certain entertainment sectors, In addition to the discontinuous in operations for one entertainment center project under construction based on the current circumstances and future outlook with an amount of SR 2.7 million. Which has been included in the consolidated statement of comprehensive income within "Loss on disposal of property and equipment and write offs" amounting to Saudi Riyal 33.41 million recorded as at December 31, 2021 as a result of the low financial performance of certain CGUs.

6.3 Projects under construction

Projects under construction represent cost of three new entertainment centers (31 December 2021: two entertainment centers), in the Kingdom of Saudi Arabia that are currently under construction, in addition to renovation costs of existing hotels and entertainment centers.

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7 Intangible assets

The intangible assets represent the computer software cost and its amortization using the straight-line method based on ten years as follows:

	2022	2021
	SR '000	SR '000
Cost:		
At the beginning of the year	25,923	25,197
Additions	4,757	1,309
Disposals	(1,783)	(583)
At the end of the year	28,897	25,923
Accumulated amortization:		
At the beginning of the year	20,761	19,806
Charge for the year (note 24)	1,389	1,538
Disposals	(1,783)	(583)
At the end of the year	20,367	20,761
Net book value at the end of the year	8,530	5,162

8 Right of Use Assets

The Group leases several assets including land, buildings, spaces in malls, and residential units. Information about leases for which the Group is a lessee is presented below: refer to note 16 for lease liabilities.

	Land	Buildings	Spaces in	Residential	Total
	SR'000	and offices	malls	units	SR'000
<u>December 31, 2022</u>	SR'000	SR'000	SR'000	SR'000	SR'000
Cost:					
At 1 January 2022	208,858	317,723	583,363	11,951	1,121,895
Additions	23,539	13,754	129,300	-	166,593
Termination (note 25)	-	(3,202)	(29,045)	-	(32,247)
Modification of leases	-	-	(20,560)	-	(20,560)
At 31 December 2022	232,397	328,275	663,058	11,951	1,235,681
Depreciation:					
At 1 January 2022	33,869	74,599	179,099	8,904	296,471
Charge for the year	13,306	24,601	50,010	1,678	89,595
Termination (note 25)	-	(2,739)	(5,602)	-	(8,341)
At 31 December 2022	47,175	96,461	223,507	10,582	377,725
Net book values:					
As at 31 December 2022	185,222	231,814	439,551	1,369	857,956

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8 Right of Use Assets (continued)

	Land	Buildings	Spaces in	Residential	Total
December 31, 2021	SR'000	and offices	malls	units	SR'000
Cost:		SR'000	SR'000	SR'000	
At 1 January 2021- Restated (note 33)	208,858	217,994	650,834	10,416	1,088,102
Additions	-	118,719	9,917	1,526	130,162
Termination	-	(15,360)	(55,386)	(359)	(71,105)
Modification of leases	-	(3,630)	(22,002)	368	(25,264)
At 31 December 2021- Restated (note 33)	208,858	317,723	583,363	11,951	1,121,895
Depreciation:					
At 1 January 2021- Restated (note 33)	22,742	64,919	141,005	7,138	235,804
Charge for the year	11,127	21,610	66,608	2,125	101,470
Termination	-	(11,930)	(28,514)	(359)	(40,803)
At 31 December 2021- Restated (note 33)	33,869	74,599	179,099	8,904	296,471
Net book values:					
As at 31 December 2021-					
Restated (note 33)	174,989	243,124	404,264	3,047	825,424

9 Cash and cash equivalents

	2022	2021
	SR '000	SR '000
Cash in hand	2,467	2,562
Cash at banks	42,739	168,899
	45,206	171,461

Cash and bank balances are non-interest-bearing financial assets and the table below provides details of balances held in various currencies:

	2022	2021
	SR '000	SR '000
Saudi Riyals	37,082	161,650
UAE Dirhams	5,539	6,357
Egyptian Pound	118	892
	42,739	168,899

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10 Trade receivables

	2022	2021
	SR '000	SR '000
Trade receivables		
Hotel	81,833	79,076
Entertainment	10,137	6,913
Others	19,725	17,109
	111,695	103,098
Less: provision for expected credit losses (note 10.1)		
Hotel	(11,808)	(9,445)
Entertainment	(2,284)	(1,236)
Others	(5,190)	(4,222)
Less: provision for expected credit losses (note 10.1)	(19,282)	(14,903)
	92,413	88,195

- (i) Trade receivables are non-derivatives financial assets carried at amortised cost and are generally on terms of 30 to 120 days. The carrying value may be affected by changes in the credit risk of the counterparties.
- (ii) The vast majority of the Group's trade receivables is concentrated in the Kingdom of Saudi Arabia. As of 31 December 2022, 26.6% of gross trade receivable balance is due from governmental and quasi-governmental parties (31 December 2021: 35.8%).
- (iii) As at 31 December 2022, trade receivables with a carrying value of SR 19.3 million (31 December 2021: SR 14.9 million) were impaired and provided for, as appropriate.

Further details on credit risk management and expected credit losses calculations are disclosed in note 32(b).

10.1 Movement in provision for expected credit losses in respect of trade receivables for the years ended 31 December:

	2022	2021
	SR '000	SR '000
At the beginning of the year	14,903	13,127
Charge for the year	4,629	2,119
Amounts written off during the year	(250)	(343)
At the end of the year	19,282	14,903

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11 Prepayments and other current assets

	2022	2021
	SR '000	SR '000
		(Restated)
Amounts due from related parties (note 20.3)	47,428	3,441
Advances to suppliers	46,877	16,354
Advances for special projects	15,717	-
Prepaid expenses	14,346	11,125
Contract assets	6,013	8,945
Employees' receivable	1,509	1,853
Other current assets	5,182	5,202
	137,072	46,920

For terms and conditions relating to due to related parties, refer to note 20.2.

12 Inventories

	2022	2021
	SR '000	SR '000
Spare parts	12,711	12,415
Materials and supplies	5,791	4,886
Toys	4,334	3,542
Food and beverages	2,284	2,399
Others	2,823	2,721
	27,943	25,963
Less: provision for slow moving inventories (note 12.1):		
Spare parts	6,171	5,493
Materials and supplies	1,631	1,424
Toys	46	30
Food and beverages	-	-
Others	565	530
	(8,413)	(7,477)
	19,530	18,486

12.1 Movement in provision for slow moving inventories for the years ended 31 December is as follows:

	2022	2021
	SR '000	SR '000
At the beginning of the year	7,477	6,704
Charge for the year	957	782
Amounts written off during the year	(21)	(9)
At the end of the year	8,413	7,477

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13 Share capital

The authorized, issued and fully paid share capital of the Company consists of 31.5 million share of SR 10 each (31 December 2021: 65 million share of SR 10 each).

On 28 Thul-Qi'dah 1442H (corresponding to 8 July 2021), the Company's shareholders in their Extraordinary General Assembly approved a share capital reduction from SR 550 million to SR 343 million by reducing the number of shares from 55 million shares to 34.3 million shares, to absorb SR 207 million of the Company's accumulated losses. In the same meeting, the shareholders also approved rights issue of 30.7 million ordinary shares of SR 10 each to increase the number of shares from 34.3 million shares to 65 million of SR 10 each. As a result, the share capital of the Company has increased to SR 650 million.

On 10 Rabi' al Awwal 1444H (corresponding to October 6, 2022), the Extraordinary General Assembly agreed to reduce the Company's capital from SR 650 million to SR 315 million, with a decrease of 51.54%, thus reducing the number of the company's shares from 65 million shares to 31.5 million shares by canceling 33.5 million shares of the issued Company's shares, and this approval was announced on the website of the Capital Market Authority and the Saudi Exchange website.

14 Other reserves

	Actuarial valuation of employees' terminal benefit liabilities SR '000	Exchange differences on translation of foreign operations SR '000	Total SR '000
As at 1 January 2021	1,960	(2,202)	(242)
Net change in exchange differences on translation of foreign operations	-	(3)	(3)
Re-measurements of employees' terminal benefit liabilities (note 17.4)	416	-	416
Other comprehensive income	416	(3)	413
As at 31 December 2021	2,376	(2,205)	171
Net change in exchange differences on translation of foreign operations	-	(1,460)	(1,460)
Re-measurements of employees' terminal benefit liabilities (note 17.4)	1,070	-	1,070
Other comprehensive income	1,070	(1,460)	(390)
As at 31 December 2022	3,446	(3,665)	(219)

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15 Loans

Loans represent Murabaha financing obtained from local banks with a commission linked to SIBOR plus the agreed margin. The commission varies between the loans and depends on the contractual provisions of each agreement. The weighted average commission (based on the carrying amount of the loans as of 31 December 2022) is SIBOR plus 2.2% and is equivalent to the market interest rates.

The following is a summary of the loans as of 31 December:

	2022	2021
	SR '000	SR '000
Current portion of long - term loans	147,663	167,526
Short term loans	20,355	20,000
	168,018	187,526
Non-current portion of long - term loans	340,953	366,721
	508,971	554,247

Bank	Loan Type	Principal Amount	Maturity date
1	Long term loan	16,998	31-Mar-24
2	Revolving facility– Short term loan	29,312	10-Sep-23
	Long term loan	127,599	06-Nov-27
3	Long term loan	62,367	26-Oct-26
	Revolving facility – Short term loan	15,000	28-Sep-23
4	Long term loan	102,132	11-Sep-27
5	Long term loan	128,939	21-Aug-27
6	Short term loan	20,000	02-Mar-23
		502,347	

- (i) The loan agreements contain covenants, Under the terms of these agreements, banks have the right to demand immediate repayment of the loans if any of the covenants are not met unless the testing of covenant is waived. As of December 31, 2022, the Group did not achieve the targets for certain loan covenants, but has obtained waivers from the relevant banks prior to the period end and testing date which exempted the group from the requirement to test the covenants in 2022. Accordingly, the group was not in breach of the covenants requirements and retained the legal right to make the loan repayments in accordance with the schedule as described in the loan agreements.

Below are the details of the covenants which were not met and waived prior to the year end:

Bank 1	1. Tangible net worth is not less than SR 420 million.
2	2. Maximum gearing ratio shall not to exceed more than 2:1.
Bank 1	1. Net tangible net worth is not less than SR 300 million.
4	2. Leverage ratio is not more than 2.75:1 (excluding the installment from lease commitments)
Bank 1	1. Debt-Service Coverage ratio (EBITDA/(Interest + CPLTD) is not less than 1.2:1.
5	2. Leverage ratio is not more than 2:1 (Total liabilities/Equity)

- (ii) The management assessed that fair value of the loans approximate their carrying amounts.

The Group has available unutilized facilities amounting to Saudi Riyal 32 million (2021: Saudi Riyal 42 million) from various local banks mainly to finance working capital.

- (iii) During 2021 the company rescheduled the loan from bank 2 which became repayable in 2024, (the original repayment date was in 2021) the modification of the loan did not result in a material gain or loss.

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16 Lease liabilities

The minimum lease payments for the years subsequent to the date of the consolidated statement of financial position are as follows: refer to note 8 for right of use assets.

	31 December 2022 SR '000	31 December 2021 SR '000 Restated (note 33)	1 January 2021 SR '000
Maturity analysis - contractual undiscounted cash flows			
Within one year	143,331	134,049	266,420
After one year but not more than five years	453,995	434,677	430,948
More than five years	608,210	640,014	641,030
Total undiscounted lease liabilities	1,205,536	1,208,740	1,338,398

The net present value of the net lease payments is as follows:

	31 December 2022 SR '000	31 December 2021 SR '000 Restated (note 33)	1 January 2021 SR '000
Lease liabilities included in the consolidated statement of financial position:			
Current portion of lease liabilities	114,502	102,209	231,501
Non-current portion of lease liabilities	853,857	834,037	813,966
Total lease liabilities	968,359	936,246	1,045,467

Amounts recognised in the consolidated statement of comprehensive income:

Financial charges on lease liabilities	34,638	44,294	62,982
Variable lease payments not included in the measurement of lease liabilities	43,345	55,354	42,300
Expenses relating to short - term leases	2,626	-	15,583

As mentioned in Note 8, the Group leases several assets including land, building, spaces in malls and residential units. These contracts are typically made for fixed periods from 5 to 20 years. However, the Group has certain lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Some hotel property leases contain variable payment terms that are linked to sales generated from a hotel with percentages 20% of sales. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs. A 10% increase in sales across all hotels in the Group with such variable lease contracts would increase total lease payments by approximately SR 4.9 million (2021: SR 5.1 million).

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16 Lease liabilities (continued)

Movement in lease liabilities during the year ended December, 2022 and 2021 is as follows:

	31 December 2022	31 December 2021	1 January 2021
	SR '000	SR '000	SR '000
Balance as at 1 January	936,246	1,045,467	1,786,724
Additions during the year	166,593	130,162	132,800
Financial charge for the year	34,638	44,294	62,982
Repayments during the year	(111,614)	(147,859)	(75,549)
Rent concession during the year	(6,368)	(18,862)	(47,163)
Modifications during the year	(20,560)	(25,264)	(759,008)
Reclassification to accrued expenses	-	(18,017)	(7,991)
Terminations during the year (note 25)	(30,576)	(73,675)	(47,328)
Balance as at 31 December	968,359	936,246	1,045,467
Current portion	114,502	102,209	231,501
Non-current portion	853,857	834,037	813,966

Please refer to note 32 for a maturity profile of the lease liability. The total cash outflow for leases in 2022 was SR 169.1 million (2021: SR 283.6 million).

17 Employees' terminal benefits liabilities

17.1 General description

General description of the type of employees' terminal benefits liabilities plan and accounting policy for recognising actuarial gains and losses is disclosed in note 3.5 to the consolidated financial statements.

17.2 Principal actuarial assumptions as of 31 December:

	2022	2021
Salary increase rate (short term)	5.00%	1.78%
Salary increase rate (long term)	3.18%	1.78%
Discount rate	4.18%	2.78%
Staff Turnover	22.59%	18.35%
Number of employees covered under terminal benefits plan	2,211	2,401

The actuarial valuation was conducted using Projected Unit Credit method.

17.3 Employees' terminal benefit expense for the years ended 31 December consists of the following:

	2022 SR '000	2021 SR '000
Current service cost	8,646	8,528
Interest cost on benefit liabilities	1,254	956
Total benefit expense	9,900	9,484

17.4 Movement of present value of employees' terminal benefits liabilities for the years ended 31 December:

	2022 SR '000	2021 SR '000
Opening present value of employees' terminal benefits liabilities	50,320	49,335
Total benefit expense (note 17.3)	9,900	9,484
Benefit paid	(10,502)	(8,083)
Actuarial gains on employees' terminal benefit liabilities	(1,199)	(416)
Closing present value of employees' terminal benefits liabilities	48,519	50,320

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17 Employees' terminal benefits liabilities (continued)

17.5 Employees' terminal benefits liabilities sensitivity analysis

A quantitative sensitivity analysis for significant assumption on the employees' terminal benefits liabilities as of 31 December:

Assumptions Sensitivity level	Salary increase rate		Discount rate	
	1% increase	1% decrease	1% increase	1% decrease
	SR '000	SR '000	SR '000	SR '000
2022	3,045	(2,775)	(2,516)	2,809
2021	5,029	(4,391)	(4,089)	4,759
Assumptions Sensitivity level	Withdrawal rate		Mortality age	
	10% increase	10% decrease	1 year set back	1 year set forward
	SR '000	SR '000	SR '000	SR '000
2022	(232)	242	-	-
2021	(176)	177	4	(4)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the employees' terminal benefits liabilities as a result of reasonable changes in key assumptions occurring as at 31 December 2022 and 2021. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The following are the expected payments or contributions to the defined benefit plan in future years:

	2022 SR '000	2021 SR '000
Within the next 12 months (next annual reporting period)	7,844	4,581
Between 2 and 5 years	21,938	15,033
Between 5 and 10 years	16,799	16,640
Beyond 10 years	16,205	29,444
Total Expected payments	62,786	65,698

The average duration of the defined benefit plan obligation as at 31 December 2022 is 5.49 years (31 December 2021: 8.79 years).

18 Trade payables and other current liabilities

	2022 SR '000	2021 SR '000
Trade payables (*)	109,334	93,713
Accrued expenses (**)	63,832	83,253
Contract liabilities	39,286	17,836
Accrued rent	12,942	32,036
Amounts due to related parties (note 20.3)	9,378	4,115
Other liabilities	9,291	7,479
	244,063	238,432

(*) Trade payables are non-interest bearing financial liabilities and are normally settled within 30-90 days of the date of purchase.

(**) Accrued expense represent payables that are due in less than one year related to salaries and other employee benefits.

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19 Zakat

Zakat expense for the year is determined according to the requirements of Zakat, Tax and Customs Authority ("ZATCA") and is charged to consolidated statement of comprehensive income. Differences resulting from the final Zakat calculation, if any, are adjusted in the year when final assessments are received.

During the current year, management expects the Group's zakat base to be negative at year end and thus will not be subject to zakat.

The Group has filed its zakat returns with ZATCA for all the years up to 2021. During last year, the Group obtained the final zakat assessments for the years from 2014 to 2017 and settled amounts of SR 7.88 million, which resulted in a reversal of excess Zakat provision of SR 2.3 million. In addition, Zakat assessments for the years from 2018 to 2020 were received by the Group, which resulted in an additional Zakat provision of SR 3.5 million.

19.1 Movement in provision for zakat for the years ended 31 December:

	2022	2021
	SR '000	SR '000
At the beginning of the year	6,860	13,542
Reversal during the year	-	(2,296)
Additional zakat provision	-	3,491
Paid during the year	-	(7,877)
At the end of the year	6,860	6,860

19.2 Zakat base items are summarized as follows:

	2022	2021
	SR '000	SR '000
Shareholders' equity	314,781	549,758
Opening years provision and other adjustments	1,524,917	1,599,967
Book value of long-term assets	(2,042,769)	(2,052,504)
	(203,071)	97,221
Adjusted loss for the year	(66,002)	(154,927)
Zakat base	(269,073)	(57,706)

No zakat has been charged to consolidated statement of comprehensive income as the zakat base is negative.

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20 Related party transactions and balances

20.1 Related party transactions

During the normal course of its operations, the Group had the following significant transactions with related parties during the years ended December 31, 2022 and 2021 along with their balances:

The following are the details of significant related party transactions:

Related Party	Nature of transaction	Amount of transactions for the year ended December 31,	
		2022 SR '000	2021 SR '000
Abdalmohsen Abdulaziz Al Hokair Group (Ultimate parent)	Rent expense/ Lease payments (a)	56,917	64,201
	Revenue	1,932	1,197
	Income from lease termination compensation (note 16) (c)	32,678	-
Joint ventures	Management fees income (d)	409	312
	Revenue	1,531	-
	Loan	11,140	-
	Interest on loan	699	935
	Transfer of loan to equity investment (note 20.4)*	16,471	-
Under common control	Rent expense/ Lease payments (a)	7,529	7,705
	Revenue	857	429
	Management fees income	-	117
Key management compensation - Non executive	Salaries and related benefits (b)	1,782	1,782
	Remuneration for meetings	2,362	2,599
	Post-employment benefits	162	162
	Interest cost on benefit liabilities	1	-
Key management compensation - executives	Salaries and related benefits (b)	2,679	2,729
	Post-employment benefits	118	155

(a) This amount represents lease/rent payments for 33 properties (2021: 35 properties) that are leased by the Group from the principal shareholder (Abdalmohsen Abdul Aziz Al Hokair Holding Group Company) and Under common control.

(b) Key management executives are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) and the board of members of the company. Salaries and related benefits of SR 1.8 million (31 December 2021: SR 1.8 million) were paid to one member of the Board of Directors who is involved in the management of the Company. In addition to the above, salaries and related benefits of SR 2.7 million (31 December 2021: SR 2.7 million) were paid to two key management executives of the Group.

(c) This amount represents management fees of six entertainment centers (31 December 2021: seven entertainment centers) and Nil hotels (31 December 2021: two hotels) owned by a joint venture and affiliate.

(d) During the year 2022, the Company converted a portion of the loan issued to the joint venture (note 20.4) into a capital of the joint venture

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20 Related party transactions and balances (continued)

20.1 Related party transactions (continued)

- (e) As mentioned in note 25, on July 19, 2022, the municipality of Jeddah notified the Group's parent company, to evacuate a hotel which the Parent Company owns and leases to the Group. The hotel is on a piece of land which the municipality of Jeddah intends to develop. As a result the Group assessed the financial impact of expropriation of the hotel and recorded a write-off loss equivalent to its carrying value amounting to SR 23.6 million which was accounted for as a loss on property, plant and equipment. Furthermore, in 2021 the Group had incurred losses of SR 9.2 million on another hotel which was leased from the Parent Company, and which was expropriated by the Government. The lease agreements between the parent and the Group did not make provision for such lease terminations.

On 6 September 2022, the Group and its parent Company entered into two lease termination agreement whereby it was agreed that the Parent company upon receipt of compensation from the government will compensate the Group with an amount of SR 23.6 million for the first hotel and SR 9.2 million for the second hotel with a total of SR 32.8 million, which is presented as gain from lease termination. The group is expecting to receive compensation in 1 - 2 years, the receivable has been recorded at fair value and the effect of discounting is assessed to be immaterial. Refer to note 25.

20.2 Terms and conditions relating to related party balances

Outstanding balances with related parties at the year end are unsecured, interest free, settled in cash and due within 12 months of statement of consolidated financial position date. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken at each reporting period end by examining the financial position of the related party and the market in which the related party operates.

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20 Related party transactions and balances(continued)

20.3 Related party balances

The following are the details of major related party balances recorded under trade receivables and trade payables as of 31 December 2022 and 2021:

	2022	2021
	SR '000	SR '000
<i>i) Amounts due from related parties</i>		
Principal shareholder (note 15)	36,751	394
Asateer Gulf Sports Company Limited (a joint venture)	3,751	-
Asateer Company for Entertainment Projects Limited (a joint venture)	2,892	-
Tarfeeh Company for Tourism Projects Limited (a joint venture)	1,620	1,559
Mena company for education and development (Under common control)	695	39
Naqaha Healthcare Company Limited (Under common control)	109	109
Al Khaleejiya for Entertainment Company Limited (a joint venture)	-	5,926
Others	1,610	1,340
	47,428	9,367
Less: provision for impairment of related party receivables	-	(5,926)
	47,428	3,441
	2022	2021
	SR '000	SR '000
<i>ii) Amounts due to related parties</i>		
Tanami Arabia Co. Ltd. (Under common control)	8,024	2,518
Al Qaseem Trading Company Limited (a joint venture)	692	494
Riyadh Plastic Factory (Under common control)	662	678
Asateer Company for Entertainment Projects Limited (a joint venture)	-	425
	9,378	4,115
<i>iii) Movement in provision for impairment of related party receivables:</i>		
	2022	2021
	SR '000	SR '000
At the beginning of the year	5,926	2,289
Charge for the year	369	3,637
Write off	(6,295)	-
At the end of the year	-	5,926

20.4 Long - term loans to a joint venture

Terms and conditions related to loan financing arrangements have been disclosed and they carry interest charges at market rates. All other transactions were made on normal commercial terms and conditions based on prevailing market rates.

	2022	2021
	SR '000	SR '000
		Restated (note 33)
At the beginning of the year	15,366	14,431
Additions for the year	11,839	969
Transferred to investments in joint venture (note 5.1)	(16,471)	-
Payment for the year	-	(34)
At the end of the year	10,734	15,366

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20 Related party transactions and balances (continued)

20.4 Long - term loans to a joint venture (continued)

The above movement represent multiple loans provided to one of the joint ventures with a maturity date of 5 years from the granting date, with a payment due in 2027, and it is fixed interest-bearing rate within a range of 4.28% - 6.88%. The management has assessed that the fair value of the loans approximates their carrying value.

21 Revenue from contracts with customers

The following is the disaggregation of the Group's revenue from contracts with customers:

**For the year ended 31
December 2022
SR '000**

	Hotels	Entertainment	Others	Total
Type of goods or services:				
Rooms	253,064	-	-	253,064
Food and beverage	88,621	-	-	88,621
Games and parks revenue	-	290,962	-	290,962
Construction and development	-	30,291	-	30,291
Restaurant revenues	-	-	13,897	13,897
Other hotel revenues	13,690	-	-	13,690
Total revenue under IFRS 15	355,375	321,253	13,897	690,525
Rental income**	1,430	6,467	22,471	30,368
Total revenue	356,805	327,720	36,368	720,893

Timing of revenue recognition:				
Services transferred over time	268,184	36,758	22,471	327,413
Goods transferred at a point in time	88,621	290,962	13,897	393,480
Total revenue	356,805	327,720	36,368	720,893

**For the year ended 31
December 2021
SR '000**

	Hotels	Entertainment	Others	Total
Type of goods or services:				
Rooms	277,244	-	-	277,244
Food and beverage	83,279	-	-	83,279
Games and parks revenue	-	282,735	-	282,735
Construction and development	-	-	-	-
Restaurant revenues	-	-	17,718	17,718
Other hotel revenues	19,399	-	-	19,399
Total revenue under IFRS 15	379,922	282,735	17,718	680,375
Rental income**	1,969	4,733	21,340	28,042
Total revenue	381,891	287,468	39,058	708,417

Timing of revenue recognition:				
Services transferred over time	298,612	4,733	21,340	324,685
Goods transferred at a point in time	83,279	282,735	17,718	383,732
	381,891	287,468	39,058	708,417

* In September 2022, the Company signed a contract with a commercial company specialized in the field of entertainment to provide construction and development services for certain entertainment sites for a total consideration of SR 93.9 million and a contract duration of 4 months.

** Rental income includes income from subleasing in the amount of SR 30.3 million as for the year ended 31 December 2022 (31 December 2021: SR 28 million).

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21 Revenue from contracts with customers (continued)

Contract balances

	Notes	2022 SR '000	2021 SR '000
Contract assets	11	6,013	8,945
Contract liabilities	18	39,286	17,836

The increase in contract liabilities is related to the signing of a contract with a commercial company specialized in the field of entertainment to provide construction and development services for certain entertainment sites.

22 Direct Cost

	2022 SR '000	2021 SR '000
Salaries and related benefits	145,404	139,008
Depreciation of property and equipment (note 6.1)	127,528	146,284
Depreciation of right of use assets	88,018	100,255
Rent	44,614	53,613
Utilities	41,813	47,932
Food and beverage costs	28,262	27,386
Purchase of construction services	23,328	-
Management and franchise fees	21,242	21,483
Maintenance	15,745	17,654
Others	48,916	51,030
	584,870	604,645

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23 Selling and marketing expenses

	2022 SR '000	2021 SR '000
Promotions and advertisement	9,725	8,631
Salaries and related benefits	8,130	9,187
Marketing fees	4,677	5,350
Commission expenses	1,403	1,721
Other	3,150	2,178
	27,085	27,067

24 General and administrative expenses

	2022 SR '000	2021 SR '000
Salaries and related benefits	86,109	84,002
Government fees	8,866	9,286
Bank charges	7,866	7,755
Maintenance and office expenses	6,451	5,615
Professional fees	5,392	12,660
Depreciation of property and equipment (note 6.1)	4,878	5,318
Travel	3,744	3,828
Utilities	3,597	3,438
Insurance	2,235	2,322
Rent	1,357	1,741
Depreciation of right of use assets	1,577	1,215
Amortization of intangible assets (note 7)	1,389	1,538
Others	16,650	16,382
	150,111	155,100

25 Gain from lease termination

Gain on termination of lease during the year ended 31 December 2021 primarily results from a court decision. The Group has settled an old legal case that relates to a lease rental of a hotel property. This has resulted in a de-recognition of a right of use assets of SR 3 million and lease liability of SR 39.36 million. The resulting difference of SR 36.36 million was recognized by the Group as a gain on termination of a lease rental. Additionally, the Group terminated certain other leases and realized a gain of SR 7 million.

During the year ended 31 December 2022, the municipality of Jeddah notified the Group's Parent company, to evacuate two hotels which the Parent Company owns and leases to the Group. The hotels are on a land which the municipality of Jeddah intends to develop. As a result, the Group assessed the financial impact of expropriation. The Group and its parent Company has entered into a lease termination agreements dated 6 September 2022 whereby it was agreed that the Parent company will compensate the Group with a total amount of SR 32.8 million as a result of the lease termination and the expropriation of both hotels by the municipality of Jeddah. Refer to note 20. In addition to that, the Group has modified certain leases by significantly changing the lease terms from fixed to variable lease payments and realized a gain of SR 6.26 million.

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26 Basic and diluted loss per share

Basic loss per share is calculated by dividing the net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share is calculated by dividing the net loss for the year attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the loss per share calculations:

	2022	2021
	SR '000	SR '000
Loss for the year	(81,488)	(173,715)
	Thousands	Thousands
Weighted average number of ordinary shares outstanding during the year	31,500	25,703
	SR	SR
Basic and diluted loss per share	(2.59)	(6.76)

* The weighted average number of ordinary shares outstanding during the year has been retrospectively adjusted on all presented periods to reflect the impact of the reduction in share capital that was approved on 6 October 2022 as disclosed in note 13.

27 Commitments and contingencies.

27.1 Legal contingencies

The Group is involved in litigation in the ordinary course of business, which are being defended. While the ultimate results of these matters cannot be determined with certainty based on the advice of the Group's legal counsel, management does not expect these will have a material adverse effect on the Group's consolidated financial position or results of operations.

27.2 Capital commitments

As at 31 December 2022, the Group has capital commitments of SR 109 million (31 December 2021: SR 28 million) related to projects under constructions.

27.3 Letters of credit and guarantee

As at 31 December 2022, the Group had outstanding letters of credit and guarantee amounting to SR 7.1 million (31 December 2021: SR 7.1 million).

28 Segmental information

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

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28 Segmental information (continued)

28.1 The Group's reportable segments under IFRS 8 are as follows:

Hotels: engaged in hotel, tourism, health resorts, furnished apartments, restaurants and cafes.

Entertainment: engaged in establishment, management, operation and maintenance of fun cities, entertainment centers, parks and gardens.

Others: includes the operations of head office, commercial center and other segments.

The Group's primary business is conducted in Saudi Arabia with three subsidiaries, Sparky's UAE, Asateer Company for Entertainment and Tourism – Egypt and Osool Al Mazaya Hospitality Company. However, the total assets, liabilities, commitments and results of operations of those subsidiaries are not material to the Group's overall consolidated financial statements. Transactions between the operating segments are on terms as approved by the management. There are no material items of income or expense between the operating segments. Majority of the segment assets and liabilities comprise operating assets and liabilities.

Following is a summary of key financial information for the years ended 31 December 2022 and 2021:

2022 SR '000	Hotels	Entertainment	Others	Total
Revenue from contracts with customers	356,805	327,720	36,368	720,893
Depreciation of property and equipment - direct costs	(57,031)	(60,761)	(9,736)	(127,528)
Depreciation of right of use assets	(20,134)	(58,339)	(9,545)	(88,018)
Other direct costs	(216,562)	(133,230)	(19,532)	(369,324)
Gross profit (loss)	63,078	75,390	(2,445)	136,023
Depreciation of property and equipment	(362)	(3,693)	(822)	(4,877)
Amortization of intangible assets	(546)	(344)	-	(890)
Expenses	(90,783)	(40,842)	(39,804)	(171,429)
Finance cost charges	(15,222)	(33,147)	(10,470)	(58,839)
Gain (loss) on disposal of property and equipment	(23,509)	5,585	1,000	(16,924)
Gain from lease termination	32,678	6,357	313	39,348
Other income	7	-	649	656
Income from short term investments	-	-	53	53
Impairment on financial assets	(2,616)	(1,044)	(1,338)	(4,998)
Share of results of investments in joint ventures	-	-	389	389
Net (loss) profit	(37,275)	8,262	(52,475)	(81,488)
Property, equipment and projects under construction	343,625	319,936	116,251	779,812
Right of use assets	206,883	448,213	202,860	857,956
Investments in joint ventures	-	-	105,632	105,632
Total assets	719,230	870,014	477,694	2,066,938
Total liabilities	540,211	914,815	321,746	1,776,772
Capital expenditures	18,342	33,091	7,504	58,937

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28 Segmental information (continued)

28.1 The Group's reportable segments under IFRS 8 are as follows (continued):

2021 SR '000	Hotels	Entertainment	Others	Total
Revenue from contracts with customers	381,891	287,468	39,058	708,417
Depreciation of property and equipment	(68,696)	(70,207)	(7,381)	(146,284)
Depreciation of right of use assets	(18,035)	(74,626)	(7,594)	(100,255)
Other direct costs	(248,469)	(88,485)	(21,152)	(358,106)
Gross profit	46,691	54,150	2,931	103,772
Depreciation of property and equipment	(379)	(3,687)	(1,253)	(5,319)
Amortization of intangible assets	(853)	(685)	-	(1,538)
Expenses	(101,134)	(37,021)	(37,155)	(175,310)
Financial charges	(7,103)	(34,223)	(23,708)	(65,034)
Loss on disposal of property and equipment	(24,019)	(28,894)	(8,325)	(61,238)
Gain from lease termination	36,364	7,009	-	43,373
Other income	6	(78)	1,046	974
Impairment on financial assets	(948)	(260)	(4,548)	(5,756)
Share in net results of joint ventures	-	-	(6,444)	(6,444)
Zakat	-	-	(1,195)	(1,195)
Net loss	(51,375)	(43,689)	(78,651)	(173,715)
Property, equipment and projects under construction	405,125	393,818	86,959	885,902
Right of use assets	227,017	416,995	181,412	825,424
Investments in joint ventures	-	-	101,233	101,233
Total assets	855,961	874,416	427,772	2,158,149
Total liabilities	618,841	555,827	611,437	1,786,105
Capital expenditures	12,671	14,120	3,475	30,266

In addition to the above segment reporting, the Group's revenue is generated (and non current assets located) from the following subsidiaries and countries:

For the year ended 31 December 2022 SR '000	Kingdom of Saudi Arabia	United Arab Emirates	Egypt	Total
The Company	691,026	-	-	691,026
Osool Al Mazaya Hospitality Company	1,339	-	-	1,339
Sparky's Land Amusement Toys Company	-	26,671	-	26,671
Asateer Company for Entertainment and Tourism	-	-	1,857	1,857
Total revenue	692,365	26,671	1,857	720,893
Property, equipment and projects under construction	755,658	21,248	2,906	779,812
Right of use assets	845,126	12,830	-	857,956
For the year ended 31 December 2021 SR '000	Kingdom of Saudi Arabia	United Arab Emirates	Egypt	Total
The Company	683,201	-	-	683,201
Osool Al Mazaya Hospitality Company	1,892	-	-	1,892
Sparky's Land Amusement Toys Company	-	20,681	-	20,681
Asateer Company for Entertainment and Tourism	-	-	2,643	2,643
Total revenue	685,093	20,681	2,643	708,417
Property, equipment and projects under construction	855,590	26,931	3,380	885,901
Right of use assets	787,267	38,157	-	825,424

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28 Segmental information (continued)

28.2 Credit exposure by operating segments is as follows:

31 December 2022

SR '000	Hotels	Entertainment	Others	Total
Assets	140,338	12,247	46,742	199,327
Commitments and contingencies	24,645	91,145	477	116,267

31 December 2021

SR '000	Hotels	Entertainment	Others	Total
Assets	199,910	14,221	70,715	284,846
Commitments and contingencies	15,668	15,679	3,796	35,143

Group's credit exposure is comprised of bank balances, trade receivables and amounts due from related parties.

29 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a proper capital ratio in order to support its business and maximise shareholders' value. The capital structure includes all components of shareholders' equity totaling SR 290.2 million at 31 December 2022 (31 December 2021: SR 372 million). The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated based on the net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current term loans as shown in the consolidated statement of financial position) less cash and bank balances. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

	2022 SR '000	2021 SR '000
Total loans (current + non-current loans)	508,971	554,247
Less: cash and bank balances	(45,206)	(171,461)
Net debt	463,765	382,786
Shareholders' equity	290,166	372,044
Total capital	753,931	754,830
Gearing ratio	61.51%	50.71%

In order to achieve the above stated overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. Refer to note 15 for compliance with loans covenants. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

The net debt of the Group is as follows:

	2022 SR '000	2021 SR '000
Cash and cash equivalents	45,206	171,461
Borrowings	(508,971)	(554,247)
Lease liabilities	(968,359)	(936,246)
Net debt	(1,432,124)	(1,319,032)

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29 Capital management (continued)

The Group's net debt reconciliation is as follows:

	Cash and cash equivalents	Borrowing	Lease liabilities	Total
At 1 January 2021	67,774	(702,818)	(1,045,467)	(1,680,511)
Financing cash flows	103,687	169,311	283,677	556,675
Finance costs	-	(20,740)	(44,294)	(65,034)
New leases	-	-	(130,162)	(130,162)
At 31 December 2021	171,461	(554,247)	(936,246)	(1,319,032)
Financing cash flows	(126,255)	69,477	169,118	112,340
Finance costs	-	(24,201)	(34,638)	(58,839)
New leases	-	-	(166,593)	(166,593)
At 31 December 2022	45,206	(508,971)	(968,359)	(1,432,124)

30 Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments comprise of financial assets and financial liabilities. The Group's financial assets mainly consist of bank balances, trade receivables, contract assets and amounts due from related parties. Its financial liabilities mainly consist of term loans, payables, accruals and amounts due to related parties.

The management has assessed that fair value of bank balances, trade receivables, contract assets and amounts due from related parties, short term loans, amounts due to related parties, accruals and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

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31 Financial instruments**

Financial assets at amortized cost

	2022 SR '000	2021 SR '000
Bank balances	42,739	168,899
Trade receivables	92,413	88,195
Contract assets	6,013	8,945
Amounts due from related parties	47,428	3,441
Long - term Loans to a Joint venture	10,734	15,366
	199,327	284,846

Financial liabilities at amortized cost

	2022 SR '000	2021 SR '000
Trade payable and other current liabilities	244,063	238,432
Borrowings	508,971	554,247
Lease liabilities	968,359	936,246
	1,721,393	1,728,925

Financial assets held at fair value through profit and loss

Financial assets held at fair value through profit and loss comprises the following:

	2022 SR '000	2021 SR '000
Investment in debt instrument (Mutual fund)	10,053	-
	10,053	-

The movements in carrying amount were as follows:

	2022 SR '000	2021 SR '000
At the beginning of the year	-	-
Additions during the year	10,000	-
Change in fair value	53	-
	10,053	-

32 Financial instruments risk management

The Group's principal financial liabilities comprise loans, lease, trade payables and certain other current liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and bank balances that derive directly from its operations.

The Group has minimal exposure to market risk, credit risk and liquidity risk. As the Group's senior management oversees the management of these risks. The Group's senior management regularly review the policies and procedures to ensure that all the financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Group does not engage into any hedging activities. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: commission rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings. The sensitivity analyses in the following sections relate to the position as at December 31, 2022.

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32 Financial instruments risk management (continued)

Commission risk

Commission rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market commission rates. The Group's exposure to the risk of changes in market commission rates relates primarily to the Group's long-term and short term loans all of which are at floating commission rates. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates and assessing them against the cost of entering into fixed commission rates.

The following table demonstrates the sensitivity to a reasonably possible change in commission rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before zakat is affected through the impact on floating rate borrowings, as follows:

	2022 SR '000	2021 SR '000
Loss before Zakat	(81,488)	(172,520)
Increase by 100 points	(7,812)	(2,771)
Decrease by 100 points	7,812	2,771

An analysis by maturities is provided in note 32(c) below.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is not subject to fluctuations in foreign exchange rates in the normal course of its business. The Group did not undertake significant transactions in currencies other than Saudi Riyals, during the year and, accordingly, the Group has no significant exposure to other foreign currencies for the period ended December 31, 2022. The Group is not exposed to significant foreign currency risk.

b) Credit Risk

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances, trade receivables and receivables from related parties and certain other current assets as follows:

	Impairment model	2022 SR '000	2021 SR '000
Bank balances	General	42,739	168,899
Trade receivables	Simplified	92,413	88,195
Contract assets	Simplified	6,013	8,945
Amounts due from related parties	Simplified	47,428	3,441
Loan to joint venture	General	10,734	15,366
		199,327	284,846

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk is managed under direction of the Board of Directors ("Board").

Bank balances

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. The Group seeks to manage its credit risk with respect to banks by only dealing with reputable banks that have a sound credit rating ranging from BAA1 and above (Moody's). At the reporting date, no significant concentration of credit risk was identified by the management.

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32 Financial instruments risk management (continued)

c) Credit Risk (continued)

Trade receivables

The board receives regular reporting from the credit department who manage the performance of the trade receivables and contact assets. Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Trade receivables of the Group are spread across a large number of credit customers. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers, monitoring outstanding receivables and ensuring close follow ups. After granting the credit, the credit department, on a monthly basis, reviews the aging analysis and follows up on all outstanding payments. Management of the credit department within each business unit determines the appropriate receivables that should be handed over for collection, the amount of provision that should be recorded in these receivables and amounts that should be written off. The board approves the procedures for managing credit risk, the amount of provision to be recognized and amounts to be written off. An impairment analysis is performed at each reporting date on an individual basis for certain customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. For the purpose of credit risk management, the customers are grouped based on business units where the sales originated, namely hotels, entertainment and commercial centers.

Other current assets

Other current assets include advances to employees, employee loans are secured against end of service balances.

Long – term loan to a joint venture and balances with related parties

Provision of loans to related parties including the joint ventures and other balances with related parties are evaluated by the board and approved based on the business purpose and risk acceptable. These are monitored by the board and assessed for impairment as required. Any impairments and write offs are also approved by the board. Where appropriate the board sets limits on exposures to credit risk.

Credit risk concentration

The group is exposed to concentration of risk as follows:

- Trade receivables – governmental and semi governmental entities in the Kingdom of Saudi Arabia.
- Long – term loan to a joint venture.

The Board reviews the concentration risk on a monthly basis and where required institutes processes to manage the risk. The following are processes that are considered:

- diversifying the placing of funds with banks or ensuring the banks are not under any financial distress.
- reducing limits for customers with large unpaid exposures, The Group applies the general approach to calculate impairment loss on cash at banks, receivable from employees, and other current assets. they all fall within the stage 1 as no significant increase in credit risk was observed for these assets. No impairment was recognised on these balances due to its immaterial impact.

The Group applies the simplified approach to calculate impairment loss on trade receivables and due from related parties and this always recognizes lifetime ECL on such exposures. ECL on these financial assets are estimated using a flow rate based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Loss rates are calculated separately for exposures in different segments based on the common credit risk characteristics such as type of customers.

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32 Financial instruments risk management (continued)

b) Credit Risk (continued)

On that basis, the loss allowance as at December, 2022 and 2021 was determined as follows:

December 31,2022	0-90 days	91-180 days	181-270 days	271-360 days	1 to 2 years	Over 2 years	Total
Expected loss rate	0.2%	0.7%	1.1%	4.5%	5.8% - 21.5%	28.4% - 100%	
Trade Receivable							
Hotel	31,432	8,774	9,289	2,823	21,345	8,170	81,833
Entertainment	4,005	2,930	170	170	268	2,594	10,137
Others	4,752	3,108	2,741	1,239	2,330	5,555	19,725
Total	40,189	14,812	12,200	4,232	23,943	16,319	111,695
Allowance							
Hotel	61	59	104	126	3,646	7,812	11,808
Entertainment	8	20	2	8	34	2,212	2,284
Others	9	21	31	55	255	4,819	5,190
Total	78	100	137	189	3,935	14,843	19,282
Trade Receivable, Net	40,111	14,712	12,063	4,043	20,008	1,476	92,413
December 31,2021	0-90 days	91-180 days	181-270 days	271-360 days	1 to 2 years	Over 2 years	Total
Expected loss rate	0.4%	1.4%	2.0%	7.5%	9.2% - 29.1%	36.1% - 100%	
Trade Receivable							
Hotel	26,750	17,973	15,965	3,120	7,088	8,180	79,076
Entertainment	3,596	121	119	114	2,014	949	6,913
Others	4,688	2,739	2,016	1,032	2,075	4,559	17,109
Total	35,034	20,833	18,100	4,266	11,177	13,688	103,098
Allowance							
Hotel	125	245	325	234	1,773	6,743	9,445
Entertainment	13	2	2	9	447	763	1,236
Others	18	41	42	77	295	3,749	4,222
Total	156	288	369	320	2,515	11,255	14,903
Trade Receivable, Net	34,878	20,545	17,731	3,946	8,662	2,433	88,195

The total amount for fully impaired receivables as of 31 December 2022 was SR 11,999 million (31 December 2021: SR 9,078 million).

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Financial instruments risk management (continued)

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to realize financial assets quickly at an amount close to its fair value. The Group manages its liquidity risk by monitoring working capital and cash flow requirements on regular basis. The Group manages its liquidity risk by ensuring that bank facilities are available. The Group has available facilities amounting to Saudi Riyal 32 million (2021: Saudi Riyal 42 million) from various local banks mainly to finance working capital. The Group's term of revenue and services require amounts to be paid within 30 to 120 days of the date of submitting the invoice. Trade payables are normally settled within 30 to 120 days of the date of purchase. During the year 2022 the Group generated cash from operating activities in the amount of SR 109.2 million (2020: SR 149 million). The net loss generated by the Group in 2022 is mainly attributable to non-cash items, such as amortization and depreciation. The Group's management is further confident in the ability to successfully meet its business plan to generate sufficient cash flows to meet its obligations for the next 12 months from the date of approval of these consolidated financial statements.

The following is contractual undiscounted maturity analysis of the financial liabilities of the Group as at December 31, 2022 and 2021.

	1 to 3 months	3 months to one year	1 to 2 years	2 to 3 years	3 to 5 years	Above 5 years	Total
December 31, 2022							
Trade payable and other current liabilities	55,261	188,802	-	-	-	-	244,063
Lease liabilities	59,841	83,490	120,228	126,618	230,260	585,099	1,205,536
Borrowings*	69,044	108,954	181,622	72,536	99,862	-	532,018
	184,146	381,246	301,850	199,154	330,122	585,099	1,981,617
December 31, 2021							
Trade payable and other current liabilities	50,655	187,777	-	-	-	-	238,432
Lease liabilities	48,185	85,864	124,026	107,017	203,634	640,014	1,208,740
Borrowings*	63,104	135,805	183,578	98,493	74,575	25,096	580,651
	161,944	409,446	307,604	205,510	278,209	665,110	2,027,823

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33 Restatement

Management has re-evaluated the accounting treatment of certain transactions and balances recorded in the consolidated financial statements in the prior years to determine if such transactions and balances have been accounted for appropriately under International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia. Where necessary, adjustments were made in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors".

Furthermore, the Group reassessed presentations of certain items in the primary consolidated financial statements to ensure that the proposed presentations were consistent with the requirements of IAS 1 "Presentation of financial statements" as endorsed in the Kingdom of Saudi Arabia.

The details of each of such restatements and reclassifications have been set out below with the related financial impact in the tables showing the impact of the restatement to comparative information.

33.1 Restatement (1)

During the year, the management identified that useful lives of certain leasehold improvements were not consistent with the lease terms determined in accordance with IFRS 16 - Leases ("IFRS 16") as endorsed by the Kingdom of Saudi Arabia. In a number of cases, the lease terms were found to be significantly shorter than the expected useful life of the underlying leasehold improvements and also of other assets (such as buildings) located within the leased premises. Management has a strong intention to utilise the assets in the course of the Group's business until the end of their useful lives. Accordingly, the group has significant economic incentives to renew or extend the leases by either utilising the extension options or by negotiating a new lease term.

After careful examination of each lease contract, historic experience and also the applicable norms, sharia principles, laws and regulations endorsed by the Government of the Kingdom of Saudi Arabia, the group has concluded that it will have a practical ability and is reasonably certain to either exercise the extension option (where such options were explicitly prescribed) or to extend the lease term (where extension options were not explicitly prescribed). The ability to exercise an option to extend the lease term was present at the date of adoption of IFRS 16 on 1 January 2019 and should have been considered when defining the lease term for the respective contracts.

As such, as of the adoption date and for the contracts concluded after the adoption date, the lease liability should include any extension options which were considered reasonably certain would be exercised. Accordingly, the management reassessed the lease term for the relevant contracts starting from the 1 January 2019 to realign them with the requirements of IFRS and where required the lease liability was adjusted accordingly.

This reassessment has resulted in prior period adjustments to the right-of-use assets, lease liabilities, amortisation of right-of-use assets and finance costs in the financial statements.

33.2 Restatement (2)

In reassessing the requirements in IAS 1, management identified that intangible assets relating to the ERP system were included as part of property, plant and equipment and projects under construction and not part of intangible assets. Generally, intangible assets should be presented in a separate line item in the face of the statement of financial position. It has been further noted by the management, that amortisation of those intangible assets was included into depreciation of Property, equipment and projects under construction and recorded in Direct costs. Intangible assets attributable to ERP systems and the overall IT infrastructure are not directly related to revenue generating activities. Accordingly, amortisation of intangible assets should be recorded as a part of general and administrative expense and not Direct costs.

33.3 Restatement (3)

During the year, the management identified that depreciation related to the mechanical rides was erroneously recorded within the general and direct costs. Mechanical rides are directly related to revenue generating activities within the entertainment segment and therefore depreciation on those assets should be recorded in direct costs.

33.4 Restatement (4)

In the prior year, management has noted that depreciation related to right-of-use assets for management offices was erroneously recorded in direct costs. The management offices are not directly related to revenue generating activities but primarily used for the general and administrative purposes. Accordingly, depreciation on those assets should have been included in General and administrative expenses. The error has been corrected retrospectively by correcting the comparative information.

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33 Restatement (continued)

33.5 Restatement (5)

This represents the reclassification of other income from below operating losses line to above the line in the expenses section. The other expense relates to lease termination gains for properties which were exited in 2021 and write offs in relation to certain assets. The reclassification also comprises of SAR 61.2m expenses being reclassified from other income to “loss on disposal of property plant and equipment and write offs”. The remaining amount relates to other income and has been presented as a separate line item “Lease termination gains”, within operating expenses.

33.6 Restatement (6)

This represent the reclassification of impairment of financial assets which were previously included in general and administrative expenses, to a separate line item on the face of the consolidated statement of comprehensive income.

33.7 Restatement (7)

During the year, management noted that loans to a joint venture were incorrectly included under prepayments and other current assets albeit the nature of the loans was different to the other items. Furthermore, the loans to the joint venture are of a long-term nature and should not be presented under current assets. As such, the balance of the loans was reclassified from prepayments and other current assets (current assets) to loans to joint ventures (non-current assets).

33.8 Restatement (8)

The management identified that the balance due from related parties was erroneously offset with trade and other payable. Generally, offsetting is not allowed under IFRS and further the group did not have a legal right to offset, or net settle the receivable with the payables. The error has been corrected retrospectively by reclassifying the underlying receivable to prepayments and other current assets.

33.9 Restatement (9)

The management identified that the impact of employees’ terminal benefits on the statement of cash flows was not presented in compliance with IAS 7. Adjustment to profit or loss for the non cash benefit expense was erroneously offset with the amounts paid to the employees which is not in line with the requirements of IAS 7 for indirect method. This error has been corrected retrospectively by adjusting “Employees’ terminal benefits liabilities, net” and “Employees’ terminal benefits paid” lines in the statement.

Other adjustments

At the end of the year, management reconsidered certain presentations within the Statement of Cash flows and as a result reclassifications were made to the comparatives. Details of the reclassifications are set out below::

(i) the net cash flows from operating activities was determined by adjusting the profit / loss for the effect in operating receivables, which was presented within one line - Receivables and other current assets. In the current year, management decided to disaggregate the amount into “Trade receivables” and “Prepayments and other current assets” to make it consistent with the statement of financial position.

(ii) finance costs paid were previously shown within the cash flows from operating activities. IFRS generally allows for a policy choice of where these costs should be recorded in the statement of cash flows as either operating or financing cash flows. Interest paid may be classified as operating cash flows because they enter into the determination of profit or loss. Alternatively, interest paid and interest and dividends received may be classified as financing cash flows because they are costs of obtaining financial resources or returns on investments. In management’s view, classifying them as financing would better reflect the substance of being the costs of obtaining financial resources and provide more relevant presentation.

(iii) Additions to property, equipment and projects under construction are now presented in one line (previously presented within “Additions to property and equipment” and “Additions to projects under construction”).

Accordingly, the comparative information has been amended to reflect those changes in the presentation.

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33 Restatement (continued)

For the year ended December 31, 2021	As originally presented SR'000	Restatement (1) SR'000	Restatement (2) SR'000	Restatement (3) SR '000	Restatement (4) SR'000	Restatement (5) SR'000	Restatement (6) SR'000	As restated at December 31, 2021 SR'000
Revenue								
Hotels	381,891	-	-	-	-	-	-	381,891
Entertainment	287,468	-	-	-	-	-	-	287,468
Others	39,058	-	-	-	-	-	-	39,058
Total Revenue	708,417	-	-	-	-	-	-	708,417
Direct cost								
Hotels	(336,099)	46	853	-	-	-	-	(335,200)
Entertainment	(230,370)	1,889	462	(5,299)	-	-	-	(233,318)
Others	(37,342)	-	-	-	1,215	-	-	(36,127)
Direct cost	(603,811)	1,935	1,315	(5,299)	1,215	-	-	(604,645)
Gross Profit	104,606	1,935	1,315	(5,299)	1,215	-	-	103,772
Selling and marketing expenses	(27,067)	-	-	-	-	-	-	(27,067)
General and administrative expenses	(163,625)	-	(1,315)	5,299	(1,215)	-	5,756	(155,100)
Loss on disposal of property and Equipment and write off	-	-	-	-	-	(61,238)	-	(61,238)
Lease termination gains	-	-	-	-	-	43,373	-	43,373
Other income	-	-	-	-	-	974	-	974
Impairment on financial assets	-	-	-	-	-	-	(5,756)	(5,756)
Net expenses	(190,692)	-	(1,315)	5,299	(1,215)	(16,891)	-	(204,814)
Operation loss	(86,086)	1,935	-	-	-	(16,891)	-	(101,042)
Financial charges on loans	(20,740)	-	-	-	-	-	-	(20,740)
Finance cost on lease liabilities	(40,219)	(4,075)	-	-	-	-	-	(44,294)
Income from short term investments	-	-	-	-	-	-	-	-
Share of net results of joint ventures	(6,444)	-	-	-	-	-	-	(6,444)
Other income	(16,891)	-	-	-	-	16,891	-	-
Loss before zakat	(170,380)	(2,140)	-	-	-	-	-	(172,520)
Zakat	(1,195)	-	-	-	-	-	-	(1,195)
Net loss for the year	(171,575)	(2,140)	-	-	-	-	-	(173,715)
Total comprehensive loss for the year	(171,162)	(2,140)	-	-	-	-	-	(173,302)
Basic and diluted loss per share	(2.93)	(3.83)	-	-	-	-	-	(6.76)

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33 Restatement (continued)

Impact on statement of financial position As of 31 Dec 2021,	As originally presented SR'000	Restatement (1) SR'000	Restatement (2) SR'000	Restatement (7) SR'000	Restatement (8) SR'000	As restated at 31 Dec 2021 SR'000
Property, equipment and projects under construction	892,774	(1,710)	(5,162)	-	-	885,902
Intangible assets	-	-	5,162	-	-	5,162
Long term loans to a joint venture	-	-	-	15,366	-	15,366
Right of use assets	745,458	79,966	-	-	-	825,424
Total non-current assets	1,739,465	78,256	-	15,366	-	1,833,087
Prepayments and other current assets	63,787	-	-	(15,366)	(1,501)	46,920
Total current assets	341,929	-	-	(15,366)	(1,501)	325,062
Total assets	2,081,394	78,256	-	-	(1,501)	2,158,149
Accumulated losses	272,291	5,836	-	-	-	278,127
Net shareholders' equity	(377,880)	5,836	-	-	-	(372,044)
Non-current portion of lease liabilities	(754,020)	(80,017)	-	-	-	(834,037)
Total non-current liabilities	(1,171,061)	(80,017)	-	-	-	(1,251,078)
Trade payables and other current liabilities	(239,933)	-	-	-	1,501	(238,432)
Current portion of lease liabilities	(98,134)	(4,075)	-	-	-	(102,209)
Total current liabilities	(532,453)	(4,075)	-	-	1,501	(535,027)
Total liabilities	(1,703,514)	(84,092)	-	-	1,501	(1,786,105)
As of 1 Jan 2021,						
Property, equipment and projects under construction	1,078,295	(1,140)	(5,392)	-	-	1,071,763
Intangible assets	-	-	5,392	-	-	5,392
Long term loans to a joint venture	-	-	-	14,431	-	14,431
Right of use assets	774,837	77,461	-	-	-	852,298
Total non-current assets	1,960,315	76,321	-	14,431	-	2,051,067
Prepayments and other current assets	98,641	-	-	(14,431)	-	84,210
Total current assets	244,992	-	-	(14,431)	-	230,561
Total assets	2,205,307	76,321	-	-	-	2,281,628
Accumulated losses	302,334	3,696	-	-	-	306,030
Net shareholders' equity	(247,424)	3,696	-	-	-	(243,728)
Non-current portion of lease liabilities	(737,826)	(76,140)	-	-	-	(813,966)
Total non-current liabilities	(1,179,567)	(76,140)	-	-	-	(1,255,707)
Current portion of lease liabilities	(227,624)	(3,877)	-	-	-	(231,501)
Total current liabilities	(778,316)	(3,877)	-	-	-	(782,193)
Total liabilities	(1,957,883)	(80,017)	-	-	-	(2,037,900)

ABDULMOHSEN AL-HOKAIR GROUP FOR TOURISM AND DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

33 Restatement (continued)

Impact on Cash flows for the year ended 31 December 2021.

The consolidated statement of cash flows was amended to appropriately include the movement in the loan in investing cash flows from operating cash flows.

As of 31 Dec 2021,	As originally presented	Restatement (1)	Restatement (2)	Restatement (7)	Restatement (9)	Others	As restated at 31 Dec 2021
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Loss before zakat	(170,380)	(2,140)	-	-	-	-	(172,520)
Adjustments for:							
Depreciation of property and equipment	152,570	570	(1,538)	-	-	-	151,602
Amortization of intangible assets	-	-	1,538	-	-	-	1,538
Loss on disposal and write-off of property and equipment	61,238	-	-	-	-	-	61,238
Depreciation of right of use assets	103,975	(2,505)	-	-	-	-	101,470
Rent concession	(18,862)	-	-	-	-	-	(18,862)
Gain from termination from lease	(43,373)	-	-	-	-	-	(43,373)
Impairment loss on trade receivables and related parties receivables	5,756	-	-	-	-	-	5,756
Provision for slow moving inventories	782	-	-	-	-	-	782
Share of net results of joint ventures	6,444	-	-	-	-	-	6,444
Financial charges on loans	20,740	-	-	-	-	-	20,740
Financial charges on lease liabilities	40,219	4,075	-	-	-	-	44,294
Finance income from joint venture	-	-	-	(935)	-	-	(935)
Income from short term investments	-	-	-	-	-	-	-
Loss on disposal of investments in joint ventures	-	-	-	-	-	-	-
Employees' terminal benefits liabilities, net	1,401	-	-	-	8,083	-	9,484
	160,510	-	-	(935)	8,083	-	167,658
Changes in working capital							
Trade receivables	(3,499)	-	-	-	-	(31,216)	(34,715)
Prepayments and other current assets	-	-	-	935	-	31,216	32,151
Inventories	3,711	-	-	-	-	-	3,711
Trade payables and other current liabilities	(3,569)	-	-	-	-	-	(3,569)
Net cash from operating activities	157,153	-	-	-	8,083	-	165,236
Zakat paid	(7,877)	-	-	-	-	-	(7,877)
Employees' terminal benefits paid	-	-	-	-	(8,083)	-	(8,083)
Finance cost paid	(22,487)	-	-	-	-	22,487	-
Net cash generated from operating activities	126,789	-	-	-	-	22,487	149,276

33 Restatement (continued)

As of 31 Dec 2021,	As originally presented SR'000	Restatement (1) SR'000	Restatement (2) SR'000	Restatement (7) SR'000	Restatement (9) SR'000	Others SR'000	As restated at 31 Dec 2021 SR'000
Investing activities							
Additions to property, equipment and projects under construction	(22,245)	-	1,309	-	-	(8,021)	(28,957)
Additions to projects under construction	(8,021)	-	-	-	-	8,021	-
Additions to intangible assets	-	-	(1,309)	-	-	-	(1,309)
Proceeds from disposal of property and equipment	1,979	-	-	-	-	-	1,979
Dividends received from joint ventures	-	-	-	-	-	-	-
Additions to investments in joint ventures	-	-	-	-	-	-	-
Long term Loans to a joint venture	-	-	-	-	-	-	-
Financial asset held at FVTPL	-	-	-	-	-	-	-
Net cash used in investing activities	(28,287)	-	-	-	-	-	(28,287)
Financing activities							
Increase in share capital	307,000	-	-	-	-	-	307,000
Proceeds from loans	484,282	-	-	-	-	-	484,282
Repayment of loans	(632,853)	-	-	-	-	-	(632,853)
Payment of lease liabilities	(147,859)	-	-	-	-	-	(147,859)
Finance cost paid	-	-	-	-	-	(22,487)	(22,487)
Cost of rights issue	(5,382)	-	-	-	-	-	(5,382)
Net cash used in financing activities	5,188	-	-	-	-	(22,487)	(17,299)
Net (decrease) / increase in cash and cash equivalents	103,690	-	-	-	-	-	103,690
Exchange differences on translation of foreign operations	(3)	-	-	-	-	-	(3)
Cash and cash equivalents at the beginning of the year	67,774	-	-	-	-	-	67,774
Cash and cash equivalents at the end of the year	171,461	-	-	-	-	-	171,461

34 Approval of the consolidated financial statements

These consolidated financial statements were approved by the Board of Directors on 30 March 2023.