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 2023

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Independent auditor's report to the shareholders of
Abdulmohsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of **Abdulmohsen Al-Hokair Group for Tourism and Development Company** (the "Company") and its subsidiaries together (the group), which comprise of the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting 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").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") 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 are independent of the Group in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 89.6 million for the year ended December 31, 2023 resulting in accumulated losses of Saudi Riyals 114.2 million as at December 31, 2023. In addition, the Group's current liabilities exceeded its current assets by Saudi Riyals 309.5 million as at December 31, 2023. 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.

Other matter

The consolidated financial statements for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion in their report dated to April 9, 2023.

Dr. Mohammed Al-Amri & Co. Chartered Accountants, a professional closed joint stock company registered in the Kingdom of Saudi Arabia under CR no. 1010433982, with paid-up capital of SAR (1,000,000) is a member of BDO International Limited, a UK Company Limited by guarantee, and forms part of the international BDO network of independent member firms.
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Independent auditor's report to the shareholders of
Abdulmohsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company) - Continued

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 for 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 the matter was addressed in our audit***
Impairment of property and equipment The consolidated financial statements of the Group for the year ended December 31, 2023, show property and equipment valued at SR 794.89 million. Management identified a decline in operating income and cash flows for certain assets, which triggered a review of their recoverable value. This review found that specific hotels and entertainment centers had a recoverable amount lower than their recorded value. Consequently, an impairment loss of SR 3.15 million was recognized for 2023. We considered the impairment of property and equipment as a key audit matter, as the impairment assessment involves a significant degree of management judgment involved in estimating the recoverable amounts. This estimate relies on assumptions such as projected revenue, costs, growth rates, and discount rates. The accuracy of these assumptions directly impacts the impairment loss amount. Refer to the consolidated financial statements note 3.5(n) for the significant accounting policy relating to impairment of non-current assets, note 4 for the significant accounting estimates, assumptions and judgements relating to impairment of non-financial assets, and note 6 for related disclosure.	**We performed the following procedures:** • Obtained managements assessments and the underlying key assumptions used in their calculations. Subsequently, we undertook the following procedures to assess the reasonableness of these assessments: - Verified the accuracy and completeness of data used in impairment assessments through a thorough comparison with supporting documents. - Independently verified the mathematical calculations employed in the impairment assessments to confirm their accuracy and consistency. • Assessed the adequacy and appropriateness of the Group's disclosure in respect of underlying assumptions, estimates used to determine impairment loss for respective CGU in the consolidated financial statements.

BDO الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

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Independent auditor's report to the shareholders of
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(A Saudi Joint Stock Company) - Continued

Other information

Other information consists of the information included in the Group's 2023 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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 management and Those Charged with Governance for the consolidated financial statements

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

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

Those Charged with Governance, in particular the Board of Directors for the Company 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 ISAs 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.

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Independent auditor's report to the shareholders of
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(A Saudi Joint Stock Company) - Continued

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a 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.

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Independent auditor's report to the shareholders of
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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.

For BDO Dr. Mohamed Al-Amri & Co.

Maher Al-Khatieb
Certified Public Accountant
Registration No. 514

Riyadh on 5 Shawwal 1445(H)
Corresponding 14 April 2024 (G)

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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 2023	31 December 2022
		SR'000	**SR'000**
Assets			
Non-current assets			
Investments in joint ventures	5	**79,682**	105,632
Property, equipment and projects under construction	6	**794,893**	779,812
Intangible assets	7	**9,219**	8,530
Long term loans to a joint venture	20.4	-	10,734
Right of use assets	8	**903,831**	857,956
Total non-current assets		**1,787,625**	1,762,664
Current assets			
Inventories	12	**18,026**	19,530
Trade receivables	10	**79,671**	92,413
Prepayments and other current assets	11	**124,078**	137,072
Financial asset held at FVTPL		-	10,053
Cash and cash equivalents	9	**37,692**	45,206
Total current assets		**259,467**	304,274
Total assets		**2,047,092**	2,066,938
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	13	**315,000**	315,000
Other reserves	14	**2,598**	(219)
Accumulated losses		**(114,165)**	(24,615)
Total shareholders' equity		**203,433**	290,166
Non-current liabilities			
Non-current portion of long-term loans	15	**304,804**	340,953
Non-current portion of lease liabilities	16	**920,525**	853,857
Employees' terminal benefits liabilities	17	**49,334**	48,519
Total non-current liabilities		**1,274,663**	1,243,329
Current liabilities			
Trade payables and other current liabilities	18	**278,944**	244,063
Short term loans and current portion of long-term loans	15	**178,541**	168,018
Current portion of lease liabilities	16	**104,651**	114,502
Provision for zakat	19	**6,860**	6,860
Total current liabilities		**568,996**	533,443
Total liabilities		**1,843,659**	1,776,772
Total shareholders' equity and liabilities		**2,047,092**	2,066,938

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 2023**	For the year ended 31 December 2022
		SR'000	SR'000
Revenue from contracts with customers			
- Hotels		**364,943**	356,805
- Entertainment		**337,570**	327,720
- Others		**39,392**	36,368
Total revenues	21	**741,905**	720,893
Direct costs			
- Hotels		**(259,457)**	(293,727)
- Entertainment		**(260,484)**	(252,330)
- Others		**(34,299)**	(38,813)
Total direct costs	22	**(554,240)**	(584,870)
Gross profit		**187,665**	136,023
Selling and marketing expenses	23	**(24,528)**	(27,085)
General and administrative expenses	24	**(127,230)**	(150,111)
Loss on disposal of property and equipment and write offs		**(2,794)**	(16,924)
Gain from lease termination	25	**6,221**	39,348
Other income		**1,220**	657
Impairment on property and equipment		**(6,965)**	-
Provision impairment loss on trade receivable and related parties' receivables	26	**(35,374)**	(4,998)
Net expenses		**(189,450)**	(159,113)
Operating loss		**(1,785)**	(23,090)
Financial charges on loans	15	**(39,745)**	(24,201)
Financial charges on lease liabilities	16	**(42,353)**	(34,638)
Income from short term investments		**191**	52
Share in net results and impairment of joint ventures	5.1	**(5,858)**	389
Loss before zakat		**(89,550)**	(81,488)
Zakat	19.1	**-**	-
Net loss for the year		**(89,550)**	(81,488)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of post-employment benefit obligations, net of zakat	17.4	**3,194**	1,070
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	14	**(377)**	(1,460)
Other comprehensive income / (loss) for the year		**2,817**	(390)
Total comprehensive loss for the year		**(86,733)**	(81,878)
Loss per share:			
Basic and diluted loss per share (SR)	27	**(0.28)**	(0.26)

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
For the year ended 31 December 2022				
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	-	(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
For the year ended 31 December 2023				
At the beginning of the year	**315,000**	**(219)**	**(24,615)**	**290,166**
Net loss for the year	-	-	**(89,550)**	**(89,550)**
Other comprehensive income for the year	-	**2,817**	-	**2,817**
Total comprehensive income / (loss) for the year		**2,817**	**(89,550)**	**(86,733)**
Balance as at 31 December 2023	**315,000**	**2,598**	**(114,165)**	**203,433**

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

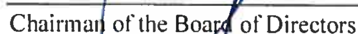
The attached notes 1 to 34 form an integral part of these consolidated financial statements.

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

	Notes	For the year ended 31 December 2023	For the year ended 31 December 2022
		SR'000	SR'000
Operating activities			
Loss before zakat		**(89,550)**	(81,488)
Adjustments for:			
Depreciation of property and equipment	6.1	**94,645**	132,406
Impairment loss on property and equipment		**6,965**	-
Amortization of intangible assets	7	**1,376**	1,389
Loss on disposal and write-off of property and equipment		**2,794**	16,924
Depreciation of right of use assets	8	**96,721**	89,595
Rent concession	16	**-**	(6,368)
Gain from lease termination	25	**(6,221)**	(39,348)
Impairment loss on trade receivables and prepayments and joint venture	26	**35,374**	4,998
Provision for slow moving inventories	12.1	**779**	957
Share of net results and impairment of joint ventures	5.1	**5,858**	(389)
Financial charges on loans	15	**39,745**	24,201
Financial charges on lease liabilities	16	**42,353**	34,638
Finance income from joint venture		**-**	(699)
Income from short term investments		**(191)**	(53)
Loss on disposal of investments in joint ventures		**-**	50
Employees' terminal benefits liabilities	17.4	**9,491**	9,900
		240,139	186,713
Changes in working capital			
Trade receivables		**(7,563)**	(8,847)
Prepayments and other current assets		**12,403**	(57,844)
Inventories		**725**	(2,001)
Trade payables and other current liabilities		**22,019**	1,704
Net cash from operating activities		**267,723**	119,725
Employees' terminal benefits paid	17.4	**(5,482)**	(10,502)
Net cash generated from operating activities		**262,241**	109,223
Investing activities			
Additions to property, equipment and projects under construction	6	**(117,959)**	(54,180)
Additions to intangible assets	7	**(2,075)**	(4,757)
Proceeds from disposal of property and equipment		**1,717**	9,570
Dividends received from joint ventures	5.1	**19,400**	12,630
Additions to investments in joint ventures	5.1	**-**	(150)
Long term Loans to a joint venture		**(3,743)**	(11,140)
Financial asset held at FVTPL		**-**	(10,000)
Proceeds from sale of financial asset held at FVTPL		**10,244**	-
Net cash used in investing activities		**(92,416)**	(58,027)

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 2023 SR'000**	For the year ended 31 December 2022 SR'000
Financing activities			
Proceeds from loans	15	**226,360**	210,483
Repayment of loans	15	**(254,379)**	(255,759)
Payment of lease liabilities	16	**(112,172)**	(111,614)
Finance cost paid	15	**(37,352)**	(20,472)
Net cash used in financing activities		**(177,543)**	(177,362)
Net decrease in cash and cash equivalents		**(7,718)**	(126,166)
Exchange differences on translation of foreign operations		**204**	(89)
Cash and cash equivalents at the beginning of the year		**45,206**	171,461
Cash and cash equivalents at the end of the year		**37,692**	45,206
Non-cash transactions:			
Additions to right of use assets		100,918	166,593
Additions to lease liabilities		(100,918)	(166,593)
Transfer from loans to a joint venture		-	16,471


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.

1 General information

Abdulmohsen AI-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:

	Direct and indirect Ownership %			
Subsidiary	**2023**	2022	**Principal activity**	**Country of incorporation**
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 as at 31 December 2023 indicate that the Group incurred a net loss of Saudi Riyals 89.6 million for the year ended 31 December 2023. Further, the current liabilities of the Group exceeded its current assets as at December 31,2023 resulting in a negative working capital of Saudi Riyals 309.53 million (December 31, 2022: Saudi Riyals 229.17 million) and accumulated losses of Saudi Riyals 114.16 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 from the date of these consolidated financial statements. 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 these consolidated financial statements. In preparing the business plan the management considered the following factors:

2 Going concern (continued)

1- The Group was able to settle all its maturing loans with original due dates in 2023 which amounted to SAR 254.4 million and the same level of commitment is included in the plans for the next 12 months for loans amounting to SAR 178.5 million.

2- 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, which shall support the Group ability to utilize the available facilities and its revolving credit lines during the next 12 months.

3- The Group continued to generate positive cash flows from its operating activities and generated SAR 262.2 million in 2023 and management believes that the Group will be able to generate positive cash flows in its plan for the next 12 months.

4- The Group has absorbed the accumulated losses as of 30 June 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 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 as of 31 December 2023, 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.

3 Material accounting policies

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards 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 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 Material accounting policies (continued)

3.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023.

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

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 Material accounting policies (continued)

3.5 Summary of Material accounting policies

The following are the material 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. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(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.

3 Material accounting policies (continued)

3.5 Summary of Material accounting policies (continued)

(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.

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 sales of food and beverages and is recognized point in time of sales.

3 Material accounting policies (continued)

3.5 Summary of Material accounting policies (continued)

(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.

(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 plant 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.

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

Category	Old rate year 2022	New rate year 2023
Buildings and improvements	10 to 30 years	The shorter of useful life (20 to 40 years) or lease period
Entertainment equipment	4 to 10 years	10 to 15 years
Furniture and fixtures	4 to 8 years	10 years
Motor vehicles	4 to 5 years	4 years
Air conditioners	4 to 10 years	15 years
Computers	4 years	4 years
Tools	3 to 10 years	15 years

3 Material accounting policies (continued)

3.5 Summary of Material accounting policies (continued)

(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

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.

3 Material accounting policies (continued)

3.5 Summary of Material accounting policies (continued)

(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.

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.

3 Material accounting policies (continued)

3.5 Summary of Material accounting policies (continued)

i) Financial assets (continued)

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 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 statement of profit or loss.

- 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.

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.

3 Material accounting policies (continued)

3.5 Summary of Material accounting policies (continued)

(i) Financial assets (continued)

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.

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 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.

3 Material accounting policies (continued)

3.5 Summary of Material accounting policies (continued)

(ii) Financial liabilities (continued)

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.

(i) Inventories

Inventories are stated at 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.

3 Material accounting policies (continued)

3.5 Summary of Material accounting policies (continued)

(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 31 December 2023, 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. The outcome of such impairment test resulted in an impairment loss of SR 3 million as at 31 December 2023.

(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.

3 Material accounting policies (continued)

3.5 Summary of Material accounting policies (continued)

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 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.

(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 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 segment.

3 Material accounting policies (continued)

3.6 New and amended standards and interpretations:
The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated).

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3-6-1 Definition of Accounting Estimates - Amendments to IAS (8):
The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

3-6-2 Disclosure of Accounting Policies — Amendments to IAS (1) and IFRS Practice Statement (2):
The amendments to IAS (1) and IFRS Practice Statement (2) Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's disclosures of accounting policies, nor the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

3-6-3 IFRS (17) Insurance Contracts:
The new standard had no impact on the Group's consolidated financial statements.

3-6-4 Deferred Tax related to Assets and Liabilities arising from a Single Transaction- Amendments to IAS (12):
The amendments had no impact on the Group's consolidated financial statements.

3-7 Standards issued but not yet effective:
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

3-7-1 Amendments to IAS (1):
Classification of Liabilities as Current or Non-current:
In January 2020 and October 2022, the IASB issued amendments to paragraphs (69) to (76) of IAS (1) to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement?
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

3-7-2 Supplier Finance Arrangements - Amendments to IAS (7) and IFRS (7):
In May 2023, the IASB issued amendments to IAS (7) Statement of Cash Flows and IFRS (7) Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of

3 Material accounting policies (continued)

3-7-2 Supplier Finance Arrangements - Amendments to IAS (7) and IFRS (7): (Continued)

Financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.
The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

3-7-3 Amendments to IFRS 16: Lease Liability in a Sale and Leaseback:
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in
measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

3-8 Current versus Non-current classification:

The Group presents its assets and liabilities in the consolidated statement of financial position based on a current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current assets.

A liability is current when it is:
- Expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within 12 months after the reporting period; or
- When there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current liabilities.

3-9 Fair value measurement:

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

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

The principal or the most advantageous market must be accessible by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or the liability, assuming that market participants act in their economic best interest.

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

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

3 Material accounting policies (continued)

3-9 Fair value measurement: (continued)

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

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, The Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

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, 2022.

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.

4 Significant judgments, assumptions and estimates (continued)

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 31 December 2023, 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. The outcome of such impairment test resulted in an impairment loss of SR 3 million as at 31 December 2023.

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 2023. The group does not have significant 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.

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).

4 Significant judgments, assumptions and estimates (continued)

Determining the lease term of contracts with renewal and termination options (continued)

- 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.

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 of certain property and equipment have changed as disclosed in note 3.5 (e). The change is in the estimated useful life or depreciation pattern have been accounted for prospectively note (6).

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.

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			
	2023	2022	**2023**	2022
	%	%	**SR '000**	SR '000
Joint Ventures				
Tourism and Real Estate Development Company	**48.5**	48.5	50,050	65,338
Malahi Leisure Company	**41.15**	50.0	19,177	18,272
Al Qaseem Trading Company Limited	**50.0**	50.0	10,455	4,695
Luxury Entertainment LLC	**31.0**	31.0	-	16,691
Tarfeeh Company for Tourism and Projects Limited	**50.0**	50.0	-	283
Asateer Gulf Sports Company Limited	**33.33**	33.33	-	353
			79,682	105,632

5.1 Movement in the investments in joint ventures:

	2023	2022
	SR '000	SR '000
At the beginning of the year	**105,632**	101,233
Additions during the year	**-**	150
Share in net results	**3,770**	389
Loss from impairment of a joint venture	**(9,628)**	-
Share in other comprehensive income	**-**	(129)
Transferred from loans to a joint venture	**-**	16,471
Absorption of losses	**(692)**	198
Dividends	**(19,400)**	(12,630)
Disposal	-	(50)
At the end of the year	**79,682**	105,632

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.

Summarized 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:

	2023 **SR '000**	2022 SR '000
Current assets	**13,798**	15,135
Cash and cash equivalents	**23,089**	20,164
Non-current assets	**78,838**	112,718
Current liabilities, including zakat payable	**(9,320)**	(9,783)
Non-current liabilities	**(3,209)**	(3,517)
Equity	**103,196**	134,717
Opening equity 1 January	**134,717**	146,220
Net income for the year	**8,479**	6,497
Dividends declared	**(40,000)**	(18,000)
Closing equity 31 December	**103,196**	134,717
Proportion of the Group's ownership	**48.5%**	48.50%
Carrying amount of the investment	**50,050**	65,338

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

	2023 **SR '000**	2022 SR '000
Revenues	**43,116**	36,962
Expenses	**(29,078)**	(25,595)
Depreciation	**(4,121)**	(4,994)
Other income	**(517)**	850
Income before zakat	**9,400**	7,223
Zakat	**(921)**	(727)
Net income for the year	**8,479**	6,496
Total comprehensive income for year	**8,479**	6,496
Group's share of total comprehensive income for the year	**4,112**	3,151

The financial information of the other joint ventures is not material at the Group level therefore, summarize financial information of such joint venture have not been presented.

6. Property, equipment, and projects under construction

31 December 2023	Buildings and improvements SR'000	Entertainment equipment SR'000	Furniture and fixtures SR'000	Motor Vehicles SR'000	Air conditioners SR'000	Computers SR'000	Tools SR'000	Projects Under construction SR'000	Total SR'000
Cost:									
At 1 January 2023	**1,059,107**	**634,416**	**257,831**	**24,956**	**84,582**	**60,948**	**148,179**	**27,815**	**2,297,834**
Additions	**9,542**	**42,011**	**3,066**	**370**	**3,319**	**1,617**	**689**	**57,345**	**117,959**
Disposals	**(12,991)**	**(9,388)**	**(9,029)**	**(1,498)**	**(346)**	**(691)**	**(3,844)**	**-**	**(37,787)**
Reclassifications	**(4,574)**	**-**	**(17,616)**	**(402)**	**(1,028)**	**(3,395)**	**(13,169)**	**-**	**(40,184)**
Transfer from projects under construction	**14,991**	**1,488**	**2,277**	**-**	**996**	**553**	**4,803**	**(25,108)**	**-**
Exchange difference	**(177)**	**(534)**	**(2)**	**(10)**	**-**	**(29)**	**-**	**(31)**	**(783)**
At 31 December 2023	**1,065,898**	**667,993**	**236,527**	**23,416**	**87,523**	**59,003**	**136,658**	**60,021**	**2,337,039**
Depreciation:									
At 1 January 2023	505,206	522,567	224,527	24,472	64,727	57,772	118,127	624	1,518,022
Charge for the year	**42,414**	**30,678**	**10,551**	**233**	**4,204**	**1,560**	**5,005**	**-**	**94,645**
Impairment loss / (reversal) / provision (Note 6.3)	**(641)**	**777**	**-**	**-**	**-**	**-**	**-**	**3,015**	**3,151**
Disposals	**(8,948)**	**(8,947)**	**(9,012)**	**(1,498)**	**(346)**	**(691)**	**(3,844)**	**-**	**(33,286)**
Reclassifications	**(10,228)**	**-**	**(16,193)**	**(402)**	**(584)**	**(3,159)**	**(9,618)**	**-**	**(40,184)**
Exchange difference	**(45)**	**(137)**	**(2)**	**(8)**	**-**	**(10)**	**-**	**-**	**(202)**
At 31 December 2023	**527,758**	**544,938**	**209,871**	**22,797**	**68,001**	**55,472**	**109,670**	**3,639**	**1,542,146**
Net book values:									
As at 31 December 2023	**538,140**	**123,055**	**26,656**	**619**	**19,522**	**3,531**	**26,988**	**56,382**	**794,893**

Effective from 1 July 2023, the Group reassessed the useful lives of its property and equipment based on operational and technical reviews that resulted in changes in its expected useful lives. Had the Group used the old useful lives, the depreciation expenses would be increased by SR 21.6 million, and the consolidated net loss of the year would increase by the same amount

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

	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**

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.

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:

	2023 SR '000	2022 SR '000
Direct costs (note 22)	**91,491**	127,528
General and administration expenses (note 24)	**3,154**	4,878
	94,645	132,406

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.

The recoverable amount for each Cash Generating Unit (CGU) of the hotel and entertainment sectors as at 31 December 2023 has been determined based on a value in use calculation, terminal cash flows, using cash flow projections from business plans covering a five-year period. It was concluded that the recoverable amount was more than the carrying value for CGUs in both sectors and as a result, the Group has not recorded any impairment loss as at 31 December 2023.

6.3 Projects under construction

Projects under construction represent the costs of one new entertainment center (December 31, 2022: three entertainment centers) in the Kingdom of Saudi Arabia that is currently under construction, in addition to renovation costs of existing hotels and entertainment centers.

During 2023, the Group decided to terminate a project under construction, in the entertainment sector, based on the current circumstances and future outlook. This resulted in an impairment loss of SAR 3 million.

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:

	2023 SR '000	2022 SR '000
Cost:		
At the beginning of the year	**28,897**	25,923
Additions	**2,075**	4,757
Disposals	**(2,085)**	(1,783)
At the end of the year	**28,887**	**28,897**
Accumulated amortization:		
At the beginning of the year	**20,367**	20,761
Charge for the year (note 24)	**1,376**	1,389
Disposals	**(2,075)**	(1,783)
At the end of the year	**19,668**	20,367
Net book value at the end of the year	**9,219**	8,530

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.

31 December 2023	Land SR'000	Buildings and offices SR'000	Spaces in malls SR'000	Residential units SR'000	Total SR'000
Cost:					
At 1 January 2023	232,397	328,275	663,058	11,951	1,235,681
Additions	-	28,356	71,697	865	100,918
Termination (note 25)	-	(102,562)	(19,622)	(9,492)	(131,676)
Modification of leases*	32,420	20,505	72,112	-	125,037
At 31 December 2023	**264,817**	**274,574**	**787,245**	**3,324**	**1,329,960**
Depreciation:					
At 1 January 2023	47,175	96,461	223,507	10,582	377,725
Charge for the year	15,578	21,593	58,793	757	96,721
Termination (note 25)	-	(24,927)	(14,057)	(9,333)	(48,317)
At 31 December 2023	**62,753**	93,127	268,243	2,006	426,129
Net book values:					
At 31 December 2023	**202,064**	**181,447**	**519,002**	**1,318**	**903,831**

December 31, 2022	Land SR'000	Buildings and offices SR'000	Spaces in malls SR'000	Residenti al units SR'000	Total 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	-	(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	-	(2,739)	(5,602)	-	(8,341)
At 31 December 2022	47,175	96,461	223,507	10,582	377,725
Net book values:					
At 31 December 2022	185,222	231,814	439,551	1,369	857,956

*During the year ended 31 December 2023 and 2022, the company made changes of lease arrangements. Accordingly, this resulted an increase in right of use assets by an amount SAR 125 million (2022: SAR 20.6 million) and an increase in the lease liability by the same amount note (Note 16).

9 Cash and cash equivalents

	As at 31 December	
	2023	2022
	SR '000	SR '000
Cash in hand	**1,805**	2,467
Cash at banks	**35,887**	42,739
	37,692	45,206

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

	As at 31 December	
	2023	2022
	SR '000	SR '000
Saudi Riyals	**34,239**	37,082
UAE Dirhams	**1,343**	5,539
Egyptian pound	**305**	118
	35,887	42,739

10 Trade receivables

	As at 31 December	
	2023	**2022**
	SR '000	**SR '000**
Trade receivables	**118,889**	111,695
Less: provision for expected credit losses (note 10.1)	**(39,218)**	**(19,282)**
	79,671	**92,413**

(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 are concentrated in the Kingdom of Saudi Arabia. As at 31 December 2023, 23.9% of trade receivable balance is due from governmental and parties (31 December 2022: 26.6%).

(iii) As at 31 December 2023, trade receivables with an initial carrying value of SR 39.2 million (31 December 2022: SR 19.3 million) were impaired and fully provided for, as appropriate.

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

	2023	**2022**
	SR '000	**SR '000**
At the beginning of the year	19,282	14,903
Charge for the year (note 26)	20,305	4,629
Amounts written off during the year	(369)	(250)
At the end of the year	**39,218**	19,282

10 Trade receivables (continued)

Aging of trade receivables	As at 31 December	
	2023	**2022**
Neither past due nor impaired	**19,799**	22,164
30 - 60 days	**14,023**	10,696
61 - 90 days	**11,119**	7,329
91 - 360 days	**23,453**	31,244
360 – 720 days	**15,132**	23,945
More than 720 days	**35,363**	16,317
	118,889	111,695

- Unimpaired receivables are expected, based on past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and they are therefore unsecured.
- A majority of the receivables that are past due but not impaired are from government-linked entities which are inherently slow payers due to their long invoice acceptance and approval of payment procedures. Payments continue to be received from these customers and accordingly, the risk of non-recoverability is considered to be low.
- The Group uses a model for estimating expected credit losses that comply with the requirements of IFRS 9 and is based on classifying receivable balances at the individual level into categories according to the economic sector in which each class of clients operates. The estimated value of credit losses for each sector is measured based on a number of historical and current indicators and information and future expectations, whether at the level of the economic sector or the macroeconomic environment of the business environment, affecting the performance of that sector and thus may affect the ability of the customer who works in that sector to fulfill his obligations towards the Group.
- Indicators of impairment in the value of trade receivables are reviewed at the end of the reporting period. The allowance for expected credit loss is adjusted in proportion to the periodic changes that occur in these indicators. In the opinion of management, there was no decrease in the value of trade receivables other than what was recorded as a provision for expected credit losses.

11 Prepayments and other current assets

	As at 31 December	
	2023	2022
	SR '000	SR '000
Amounts due from related parties (note 20.3)	**53,713**	47,428
Advances to suppliers	**34,679**	47,367
Prepaid expenses	**14,648**	14,346
Contract assets	**6,944**	6,013
Advances for special projects	**6,571**	15,717
Employees' receivable	**1,418**	1,509
Other current assets	**10,078**	8,880
	128,051	141,260
Less: provision for expected credit losses (note 11.1)	**(3,973)**	(4,188)
	124,078	137,072

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

11.1 Movement in provision for expected credit losses for the years ended 31 December:

	2023	2022
	SR '000	SR '000
At the beginning of the year	**4,188**	4,188
Charge for the year	**592**	-
Amounts written off during the year	**(807)**	-
At the end of the year	**3,973**	4,188

12 Inventories

	As at 31 December	
	2023	2022
	SR '000	SR '000
Spare parts	**13,248**	12,711
Materials and supplies	**5,494**	5,791
Toys	**3,461**	4,334
Food and beverages	**2,339**	2,284
Others	**2,552**	2,823
	27,094	27,943
Less: provision for slow moving inventories (note 12.1)	**(9,068)**	(8,413)
	18,026	19,530

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

	2023	2022
	SR '000	SR '000
At the beginning of the year	**8,413**	7,477
Charge for the year	**779**	957
Amounts written off during the year	**(124)**	(21)
At the end of the year	**9,068**	8,413

13 Share capital

The authorized, issued and fully paid share capital of the Company consists of 315 million share of SR 1 each (31 December 2022: 31.5 million share of SR 10 each).

On 10 Rabi' al Awwal 1444H (corresponding to: 6 October 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.

On 3 Thul-Qi'dah 1444H (corresponding to: 21 June 2023), the extraordinary general assembly agreed to split the company shares to become 315 million shares of SR 1 each instead of 31.5 million share SR 10 each. There is no change in the company's capital before and after the share split.

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 2022	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)
As at 1 January 2023	**3,446**	**(3,665)**	**(219)**
Net change in exchange differences on translation of foreign operations	-	**(377)**	**(377)**
Re-measurements of employees' terminal benefit liabilities (note 17.4)	**3,194**	-	**3,194**
Other comprehensive income	**3,194**	**(377)**	**2,817**
As at 31 December 2023	**6,640**	**(4,042)**	**2,598**

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

	2023 SR '000	2022 SR '000
Current portion of long-term loans	**157,940**	147,663
Short term loans	**20,601**	20,355
	178,541	168,018
Non-current portion of long-term loans	**304,804**	340,953
	483,345	508,971

Bank	Loan Type	Principal Amount	Maturity date
1	Long term loan	5,500	31-Mar-24
2	Revolving facility– Short term loan	30,000	01-Oct-24
	Long term loan	149,081	26-Dec-28
3	Long term loan	65,745	09-Oct-27
4	Revolving facility – Short term loan	15,000	01-Oct-24
	Long term loan	85,851	27-Nov-28
5	Long term loan	103,151	21-Aug-27
6	Short term loan	20,000	16-Feb-24
		474,328	

(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 at 31 December 2023, 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 2023. 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.

15 Loans (continued)

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 SAR 420 m. 2. Maximum Gearing ratio shall not to exceed more than 2:1.
Bank 4	1. Net tangible net worth is not less than SAR 300m. 2.Leverage ratio is not more than 2.75:1 (excluding the installment from lease commitments).
Bank 5	1. Debt-Service Coverage ratio (EBITDA/(Interest + CPLTD) is not less than 1.2:1. 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 11 million (2022: Saudi Riyal 32 million) from various local banks mainly to finance working capital.

(iii) The movement in the loans is as follows:

	As at 31 December	
	2023	2022
	SR '000	SR '000
At the beginning of the year	508,971	554,247
Proceeds during the year	226,360	206,754
Finance costs for the year	39,745	24,201
Repayments during the year	(254,379)	(255,759)
Finance costs paid during the year	(37,352)	(20,472)
At the end of the year	483,345	508,971

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):

	As at 31 December	
	2023	2022
	SR '000	SR '000
Maturity analysis - contractual undiscounted cash flows		
Within one year	**147,446**	143,331
After one year but not more than five years	**495,017**	453,995
More than five years	**689,725**	608,210
Total undiscounted lease liabilities	**1,332,188**	1,205,536

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

	As at 31 December	
	2023	2022
	SR '000	SR '000
Lease liabilities included in the consolidated statement of financial position:		
Current portion of lease liabilities	**104,651**	114,502
Non-current portion of lease liabilities	**920,525**	853,857
Total lease liabilities	**1,025,176**	968,359

16 Lease liabilities (continued)

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 recognized in profit or loss in the period in which the condition that triggers those payments occurs.
Movement in lease liabilities during the year is as follows:

	As at 31 December	
	2023	2022
	SR '000	SR '000
Balance as at 1 January	**968,359**	936,246
Additions during the year	**100,918**	166,593
Financial charge for the year	**43,952**	34,638
Repayments during the year	**(112,172)**	(111,614)
Rent concession during the year	**-**	(6,368)
Modifications during the year (note 8)	**125,037**	(20,560)
Reclassification to accrued expenses	**(11,339)**	-
Terminations during the year (note 25)	**(89,579)**	(30,576)
Balance as at 31 December	**1,025,176**	968,359
Current portion	**104,651**	114,502
Non-current portion	**920,525**	853,857

*The Group has recognized financial charges on lease liabilities in the consolidated statement of comprehensive income as at 31 December 2023 amounted to SAR 42.3 million (2022: SAR 34.6 million), in addition to financial charge capitalized to property and equipment as at 31 December 2023 amounted to SAR 1.6 million, (2022: NIL).

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:

	2023	**2022**
Salary increases rate (short term)	**3.00%**	5.00%
Salary increases rate (long term)	**3.50%**	3.18%
Discount rate	**4.38%**	4.18%
Staff Turnover	**19.54%**	22.59%
Number of employees covered under terminal benefits plan	**2,201**	2,211

The actuarial valuation was conducted using Projected Unit Credit method.

17.3 Employees' terminal benefit expense consists of the following:

	For the year ended 31 December	
	2023	2022
	SR '000	SR '000
Current service cost	**7,590**	8,646
Interest cost on benefit liabilities	**1,901**	1,254
Total benefit expense	**9,491**	9,900

17 Employees' terminal benefits liabilities (continued)

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

	For the year ended 31 December	
	2023	2022
	SR '000	SR '000
Opening present value of employees' terminal benefits liabilities	**48,519**	50,320
Total benefit expense (note 17.3)	**9,491**	9,900
Benefit paid	**(5,482)**	(10,502)
Actuarial gains on employees' terminal benefit liabilities	**(3,194)**	(1,199)
Closing present value of employees' terminal benefits liabilities	**49,334**	48,519

17.5 Employees' terminal benefits liabilities sensitivity analysis

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

Assumptions	**Salary rate**		**Discount rate**	
Sensitivity level	**1% increase**	**1% decrease**	**1% increase**	**1% decrease**
	SR '000	**SR '000**	**SR '000**	**SR '000**
2023	**2,316**	**(2,164)**	**(1,895)**	**2,064**
2022	3,045	(2,775)	(2,516)	2,809

Assumptions	**Withdrawal rate**		**Mortality age**	
Sensitivity level	**10% increase**	**10% decrease**	**1 year set back**	**1 year set forward**
	SR '000	**SR '000**	**SR '000**	**SR '000**
2023	**(231)**	**246**	**0**	**0**
2022	(232)	242	0	0

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 2023 and 2022. 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:

	As at 31 December	
	2023	**2022**
	SR '000	**SR '000**
Within the next 12 months (next annual reporting period)	**10,337**	7,844
Between 2 and 5 years	**26,969**	21,938
Between 5 and 10 years	**14,713**	16,799
Beyond 10 years	**8,253**	16,205
Total Expected payments	**60,272**	62,786

The average duration of the defined benefit plan obligation as at 31 December 2023 is 4.01 years (31 December 2022: 5.49 years).

18 Trade payables and other current liabilities

	As at 31 December	
	2023	**2022**
	SR '000	**SR '000**
Trade payables (*)	**165,198**	109,334
Accrued expenses	**67,344**	63,832
Contract liabilities	**24,393**	39,286
Accrued rent	**6,652**	12,942
Amounts due to related parties (note 20.3)	**6,186**	9,378
Other liabilities	**9,171**	9,291
	278,944	244,063

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

19 Zakat

Zakat expense for the period 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 period, 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 2022. The Group obtained the final zakat assessments for the years from 2014 to 2017 and settled amounts of SR 7.88 million. In addition, Zakat assessments for the years 2019 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:

At the beginning of the year	**6,860**	6,860

19.2 Zakat base items are summarized as follows:

	2023	**2022**
	SR '000	**SR '000**
Shareholder's Equity	**317,598**	314,781
Provision and other adjustments	**1,448,683**	1,524,917
Long-term assets	**(1,825,489)**	(2,042,769)
	(59,208)	(203,071)
Adjusted loss for the year	**(58,383)**	(66,002)
Zakat base	**(117,591)**	(269,073)

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

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 31 December 2023 and 2022 along with their balances:

The following are the details of significant related party transactions:

		Amount of transactions for the year ended December 31,	
Related Party	**Nature of transaction**	**2023 SR '000**	**2022 SR '000**
Abdulmohsen Abdulaziz Al Hokair Group	Rent expense/ Lease payments (a)	**53,402**	56,917
(Ultimate parent)	Revenue	**2,161**	1,932
	Management fees income (b)	**3,694**	-
	Income from lease termination compensation	**-**	32,678
Key management executives	Salaries and related benefits (c)	**4,605**	5,670
	Post-employment benefits	**339**	337
Joint ventures	Management fees income (b)	**386**	409
	Revenue	**6,075**	1,531
	Loan	**3,743**	11,140
	Interest on loan	**-**	699
	Transfer of loan to equity investment (note 20.4)	**-**	16,471
Under common control	Rent expense/ Lease payments (a)	**7,737**	7,529
	Revenue	**506**	857
	Plastic materials supplies	**349**	313
	Design and printing supplies	**17**	12
Key management compensation Non executive	Remuneration for meetings	**2,335**	2,362

(a) This amount represents lease/rent payments for 30 properties (31 December 2022: 33 properties) that are leased by the Group from the principal shareholder (Abdulmohsen Abdul Aziz Al Hokair Holding Group Company) and parties Under common control.

(b) This amount represents management fees of five entertainment centers (31 December 2022: five entertainment centers) and four hotels (31 December 2022: nil) owned by a joint venture and ultimate parent.

During 2023, the Group agreed with its Ultimate parent company to terminate long-term lease contacts of two hotels amounted to approximately SAR 6 million per annum. Simultaneously, the Group entered into two agreements with its Ultimate parent company for a period of 8-10 years to operate such two hotels against fixed and variable monthly management fees. The term of the agreements includes rights of using the Group's privileges exist at the hotel's locations including the property and equipment. During 2023, The Group waived the two hotels revenue of SAR 21.18 million, and recharged the two hotels' expenses of SAR 21.06 to the Ultimate parent company.

The Group's management fees from these two hotels amounted to SAR 1.3 million for the year ended 31 December 2023.

(c) 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 SAR 4.6 million (31 December 2022: SAR 5.7 million) were paid to five key management executives of the Group.

20 Related party transactions and balances (continued)

20.2 Terms and conditions relating to related party balances

Outstanding balances with related parties at the yearend 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.

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 2023 and 2022:

i) Amounts due from related parties	**2023** **SR '000**	**2022** **SR '000**
Ultimate parent	**38,967**	36,751
Asateer Gulf Sports Company Limited (a joint venture)	**8,747**	3,751
Tarfeeh Company for Tourism Projects Limited (a joint venture)	**1,721**	1,620
Newrest Group Holding (a joint venture)	**1,308**	-
Mena company for education and development (Under common control)	**1,002**	695
Asateer Company for Entertainment Projects Limited (a joint venture)	**131**	2,892
Naqaha Healthcare Company Limited (Under common control)	**109**	109
Others	**1,728**	1,610
	53,713	47,428

ii) Amounts due to related parties	**2023** **SR '000**	**2022** **SR '000**
Tanami Arabia Co. Ltd. (Under common control)	**5,903**	8,024
Riyadh Plastic Factory (Under common control)	**283**	662
Al Qaseem Trading Company Limited (a joint venture)	**-**	692
	6,186	9,378

iii) Movement in provision for impairment of related party receivables:

	2023 **SR '000**	**2022** **SR '000**
At the beginning of the year	**-**	5,926
Charge for the year	**-**	369
Write off	**-**	(6,295)
At the end of the year	**-**	-

20. Related party transactions and balances (continued)

20.4 Loan to related parties

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.

	2023 SR '000	2022 SR '000
At the beginning of the year	**10,734**	15,366
Additions for the year	**3,743**	11,839
Transferred to investments in joint venture (note 5.1)	**-**	(16,471)
At the end of the year	**14,477**	10,734
Less: provision for expected credit losses	**(14,477)**	-
	-	10,734

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. As a result of the decision to liquidate the joint ventures, the management decided to recognize a provision for expected credit losses for the loan (Note 26).

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 2023 **SR '000**	**Hotels**	**Entertainment**	**Others**	**Total**
Type of goods or services:				
Rooms	**256,804**	**-**	**-**	**256,804**
Food and beverage	**91,271**	**-**	**-**	**91,271**
Games and parks revenue	**-**	**277,890**	**-**	**277,890**
Construction and development*	**-**	**54,230**	**-**	**54,230**
Restaurant revenues	**-**	**-**	**9,007**	**9,007**
Other hotel revenues	**14,879**	**-**	**2,116**	**16,995**
Total revenue under IFRS 15	**362,954**	**332,120**	**11,123**	**706,197**
Rental income**	**1,989**	**5,450**	**28,269**	**35,708**
Total revenue*	**364,943**	**337,570**	**39,392**	**741,905**
Timing of revenue recognition:				
Services transferred over time	**273,672**	**59,680**	**30,385**	**309,507**
Goods transferred at a point in time	**91,271**	**277,890**	**9,007**	**432,398**
Total revenue	**364,943**	**337,570**	**39,392**	**741,905**

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

* The gross revenue generated from the hotel sector amounted to 386.1 million Saudi riyals as at 31 December, 2023. A SAR 21.1 million was waived to the Ultimate Parent Company which representing the revenue of the two hotels that had a management agreement Note (20.1 (b)).

**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 SAR 93.9 million. The construction and development revenue generated for the year ended 31 December 2023 amounted to SAR 54.2 million (31 December 2022: SAR 30.3 million).

*** Rental income includes income from subleasing in the amount of SAR 35.7 million as for the year ended 31 December 2023 (31 December 2022: SAR 30.4 million).

Contract balances

		For the year ended 31 December	
		2023	2022
	Notes	**SR '000**	SR '000
Contract assets	11	**6,944**	6,013
Contract liabilities	18	**24,393**	39,286

22 Direct Cost

	For the year ended 31 December	
	2023	2022
	SR '000	SR '000
Salaries and related benefits	**132,161**	145,404
Depreciation of right of use assets (note 8)	**95,144**	88,018
Depreciation of property and equipment (note 6.1)	**91,491**	127,528
Purchase of construction services	**44,131**	23,328
Rent	**41,788**	44,614
Utilities	**37,753**	41,813
Food and beverage costs	**26,933**	28,262
Management and franchise fees	**23,728**	21,242
Maintenance	**15,345**	15,745
Others	**45,766**	48,916
	554,240	584,870

23 Selling and marketing expenses

	For the year ended 31 December	
	2023	2022
	SR '000	SR '000
Salaries and related benefits	**7,526**	8,130
Promotions and advertisement	**7,228**	9,725
Marketing fees	**5,601**	4,677
Commission expenses	**1,764**	1,403
Other	**2,409**	3,150
	24,528	27,085

24 General and administrative expenses

	For the year ended 31 December	
	2023	2022
	SR '000	SR '000
Salaries and related benefits	**72,296**	83,786
Bank charges	**8,232**	7,866
Government fees	**6,322**	8,866
Maintenance and office expenses	**5,886**	6,451
Travel	**4,069**	3,744
Utilities	**2,974**	3,597
Depreciation of property and equipment (note 6.1)	**3,154**	4,878
Board of directors' remuneration	**2,335**	2,323
Insurance	**2,012**	2,235
Rent	**1,765**	1,357
Depreciation of right of use assets	**1,577**	1,577
Professional fees	**1,437**	5,392
Amortization of intangible assets (note 7)	**1,376**	1,389
Others	**13,795**	16,650
	127,230	150,111

25 Gain from lease termination

During the year of 2023, the group has terminated three hotels` contracts resulted gain amounted SAR 4.2 million in addition to one entertainment center location resulted again amount SAR 2 million.

During the year of 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 agreement dated September 6, 2022 whereby it was agreed that the Parent company will compensate the Group with a total amount of SR 32.7 million as a result of the lease termination and the expropriation of both hotels by the municipality of Jeddah.

26 PROVISIONS FOR EXPECTED CREDIT LOSSES

The table below summarizes the provision for expected credit losses incurred during the year.

	2023 **SR '000**	**2022** **SR '000**
Listed in trade receivables (note 10.1)	**20,305**	4,629
Listed in long term loans to a joint venture (note 20.4)	**14,477**	-
Listed in prepayments and other current assets (note 11.1)	**592**	-
Listed in amounts due from related parties (note 20.3)	**-**	369
	35,374	4,998

27 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:

	2023 **SR '000**	**2022** **SR '000**
Loss for the year	**(89,550)**	(81,488)
	Thousands	**Thousands**
Weighted average number of ordinary shares outstanding during the year	**315,000**	315,000
	SR	**SR**
Basic and diluted loss per share	**(0.28)**	(0.26)

* 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 split of share capital that was approved on 21 June 2023 as disclosed in note 13.

28 Commitments and contingencies.

28.1 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.

28.2 Capital commitments

As at 31 December 2023, the Group has capital commitments of SAR 34.9 million (31 December 2022: SAR 109.2 million) related to projects under constructions.

28.3 Letters of credit and guarantee

As at 31 December 2023, the Group has outstanding letters of credit and guarantee amounting to SAR 0.6 million (31 December 2022: SAR 7.1 million).

29 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.

29.1 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.

29 Segmental information (continued)

Following is a summary of key financial information for the years ended 31 December 2023 and 2022:

2023 **SR '000**	**Hotels**	**Entertainment**	**Others**	**Total**
Revenue from contracts with customers	**364,943**	**337,570**	**39,392**	**741,905**
Depreciation of property and equipment - direct costs	**(36,300)**	**(45,907)**	**(9,284)**	**(91,491)**
Depreciation of right of use assets	**(15,294)**	**(68,440)**	**(11,410)**	**(95,144)**
Other direct costs	**(207,863)**	**(146,137)**	**(13,605)**	**(367,605)**
Gross profit	**105,486**	**77,086**	**5,093**	**187,665**
Expenses	**(79,500)**	**(45,355)**	**(26,903)**	**(151,758)**
Finance cost charges	**(17,884)**	**(50,322)**	**(13,892)**	**(82,098)**
Share in net results of joint ventures	**-**	**-**	**(5,858)**	**(5,858)**
Income from financial asset held at FVTPL	**-**	**-**	**191**	**191**
Other income	**12**	**1,208**	**-**	**1,220**
Gain from lease termination	**4,205**	**2,016**	**-**	**6,221**
Gain / (loss) on disposal of property and equipment	**15**	**(2,809)**	**-**	**(2,794)**
Impairment loss on property and equipment	**(300)**	**(5,165)**	**(1,500)**	**(6,965)**
Provision for expected credit losses	**(15,282)**	**(2,272)**	**(17,820)**	**(35,374)**
Zakat	**-**	**-**	**-**	**-**
Net loss	**(3,248)**	**(25,613)**	**(60,689)**	**(89,550)**
Investments in joint ventures	**-**	**-**	**79,682**	**79,682**
Property and equipment	**311,843**	**361,344**	**121,706**	**794,893**
Right of use assets	**133,765**	**559,510**	**210,556**	**903,831**
Total assets	**594,107**	**990,371**	**462,614**	**2,047,092**
Total liabilities	**366,198**	**1,152,617**	**324,844**	**1,843,659**

29 Segmental information (continued)

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

2022 **SR '000**	**Hotels**	**Entertainment**	**Others**	**Total**
Revenue	356,805	327,720	36,368	720,893
Depreciation of property and equipment – direct cost	(57,031)	(60,761)	(9,736)	(127,528)
Depreciation of right of use assets	(20,134)	(58,339)	(9,545)	(88,018)
Other direct cost	(216,562)	(133,230)	(19,532)	(369,324)
Gross profit	63,078	75,390	(2,445)	136,023
Expenses	(91,691)	(44,880)	(40,625)	(177,196)
Finance cost charges	(15,222)	(33,147)	(10,470)	(58,839)
Share in net results of joint ventures	-	-	389	389
Income from financial asset held at FVTPL	-	-	53	53
Other income	7	-	649	656
Gain from lease termination	32,678	6,357	313	39,348
(Loss) gain on disposal of property and equipment	(23,509)	5,585	1,000	(16,924)
Provision for expected credit losses	(2,616)	(1,044)	(1,338)	(4,998)
Zakat	-	-	-	-
Net loss/profit	(37,275)	8,261	(52,474)	(81,488)
Investments in joint ventures	-	-	105,632	105,632
Property and equipment	343,625	319,936	116,251	779,812
Right of use assets	206,883	448,213	202,860	857,956
Total assets	719,230	870,014	477,694	2,066,938
Total liabilities	540,211	914,815	321,746	1,776,772

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 2023 **SR '000**	**Kingdom of Saudi Arabia**	**United Arab Emirates**	**Egypt**	**Total**
The Company	707,338	-	-	707,338
Osool Al Mazaya Hospitality Company	1,323	-	-	1,323
Sparky's Land Amusement Toys Company	-	31,241	-	31,241
Asateer Company for Entertainment and Tourism	-	-	2,003	2,003
Total revenue	**708,661**	**31,241**	**2,003**	**741,905**

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

29 Segmental information (continued)

29.2 Credit exposure by operating segments is as follows:

31 December 2023 SR '000	Hotels	Entertainment	Others	Total
Assets	**123,650**	**10,153**	**42,412**	**176,215**
Commitments and contingencies	**11,552**	**23,928**	**-**	**35,480**

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

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

30 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 maximize shareholders' value. The capital structure includes all component of shareholders' equity totaling SR 203.4 million at 31 December 2023 (31 December 2022: SR 290.2 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 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 cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

	2023 SR '000	2022 SR '000
Total loans (current + non-current loans)	**483,345**	508,971
Less: cash and bank balances	**(37,692)**	(45,206)
Net debt	**445,653**	463,765
Shareholders' equity	**203,433**	290,166
Total capital	**649,086**	753,931
Gearing ratio	**68.66%**	61.51%

In order to achieve this 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 2023 and 2022.

The net debt of the Company is as follows:

	As at 31 December	
	2023	2022
Cash and cash equivalents	**37,692**	45,206
Borrowings	**(483,345)**	(508,971)
Lease liabilities	**(1,025,176))**	(968,359)
Net debt	**(1,470,829)**	(1,432,124)

30 Capital management

The Company's net debt reconciliation is as follows:

	Cash and cash equivalents	Borrowing	Lease liabilities	Total
At 1 January 2022	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)
Financing cash flows	(7,514)	65,371	88,053	145,910
Finance costs	-	(39,745)	(43,952)	(83,697)
New leases	-	-	(100,918)	(100,918)
At 31 December 2023	**37,692**	**(483,345)**	**(1,025,176)**	**(1,470,829)**

31 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.

32 Financial instruments

Financial Assets at amortized cost

	As at 31 December	
	2023	2022
	SR '000	SR '000
Bank balances	**35,887**	42,739
Trade receivables	**79,671**	92,413
Contract assets	**6,944**	6,013
Amounts due from related parties	**53,713**	47,428
Loan to Joint venture	**-**	10,734
	176,215	199,327

Financial Liabilities at amortized cost

	As at 31 December	
	2023	2022
	SR '000	SR '000
Trade payable and other current liabilities	**278,944**	244,063
Borrowings	**483,345**	508,971
Lease liabilities	**1,025,176**	968,359
	1,787,465	1,721,393

32 Financial instruments (continued)

Financial assets held at fair value through profit and loss

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

	For the year ended	
	2023	2022
	SR '000	SR '000
Investment in debt instrument (Mutual fund)	**-**	10,053
	-	10,053

The movement in carrying amount were as follows:

	For the year ended	
	2023	2022
	SR '000	SR '000
At the beginning of the year	**10,053**	-
Additions during the year	**-**	10,000
Redemption during the year	**(10,244)**	-
Gain during the year	**191**	53
At the end of the year	**-**	10,053

33 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, 2023.

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:

	For the year ended	
	2023	**2022**
	SR '000	**SR '000**
Loss before Zakat	**(89,550)**	(81,488)
Increase by 100 points	**179**	(7,812)
Decrease by 100 points	**(179)**	7,812

An analysis by maturities is provided in note 33 (c) below.

33 Financial instruments risk management (continued)

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 31 December 2023. 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:

		As at 31 December	
	Impairment model	**2023**	2022
		SR '000	SR '000
Bank balances	General	**35,887**	42,739
Trade receivables	Simplified	**79,671**	92,413
Contract assets	Simplified	**6,944**	6,013
Amounts due from related parties	Simplified	**53,713**	47,428
Loan to joint venture	General	**-**	10,734
		176,215	199,327

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.

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.

33 Financial instruments risk management (continued)

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

Loan to 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.
- 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.

33 **Financial instruments risk management** (continued)

b) Credit Risk (continued)

On that basis, the loss allowance as at December, 2023 and 2022 was determined as follows:

December 31,2023	**0-90 days**	**91-180 days**	**181-270 days**	**271-360 days**	**1 to 2 years**	**Over 2 years**	**Total**
Expected loss rate	**1.0%**	**3.4%**	**4.3%**	**10.7%**	**9.3% - 46.3%**	**51.9%-100%**	
Trade receivables							
Hotel	**37,096**	**7,145**	**3,026**	**3,353**	**7,630**	**25,976**	**84,226**
Entertainment	**3,255**	**568**	**479**	**70**	**2,583**	**2,584**	**9,539**
Others	**4,590**	**4,293**	**2,731**	**1,790**	**4,918**	**6,802**	**25,124**
Total	**44,941**	**12,006**	**6,236**	**5,213**	**15,131**	**35,362**	**118,889**
Allowance							
Hotel	**379**	**225**	**106**	**290**	**930**	**25,363**	**27,293**
Entertainment	**26**	**21**	**24**	**10**	**740**	**2,572**	**3,393**
Others	**51**	**158**	**136**	**260**	**1,503**	**6,424**	**8,532**
Total	**456**	**404**	**266**	**560**	**3,173**	**34,359**	**39,218**
Trade Receivable, Net	**44,485**	**11,602**	**5,970**	**4,653**	**11,958**	**1,003**	**79,671**

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	**0.4%**	**1.4%**	**2.0%**	**7.5%**	**9.2% - 29.1%**	**36.1% - 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

33. 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 11 million (2022: Saudi Riyal 32 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 2023 the Group generated cash from operating activities in the amount of SR 262.2 million (2022: SR 109.2 million). The net loss generated by the Group in 2023 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 table below summarizes the maturities of the Group's undiscounted financial liabilities at 31 December 2023 and 2022 based on contractual payment dates and current market interest rates.

	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 2023							
Trade payable and other current liabilities	**83,869**	**195,075**	**-**	**-**	**-**	**-**	**278,944**
Lease liabilities	**59,496**	**87,950**	**134,745**	**129,431**	**230,840**	**689,726**	**1,332,188**
Borrowings*	**91,140**	**107,015**	**151,388**	**89,308**	**77,212**	**-**	**516,063**
	234,505	**390,040**	**286,133**	**218,739**	**308,052**	**689,726**	**2,127,195**
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

* The loan agreements contain covenants from three banks. 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. As of 31 December 2023, the Group was not in compliance with certain loan covenants, but has obtained waiver from the relevant banks prior to the period end.

	Breached covenant
Bank 2	1. Tangible net worth is not less than SAR 420m. 2. Maximum Gearing ratio shall not to exceed more than 2:1.
Bank 4	1. Net tangible net worth is not less than SR300m. 2. Leverage ratio is not more than 2.75:1 (excluding the installment from lease commitments)
Bank 5	1. Debt-Service Coverage ratio (EBITDA/(Interest + CPLTD) is not less than 1.2:1. 2. Leverage ratio is not more than 2:1 (Total liabilities/Equity)

34 Approval of the consolidated financial statements

These consolidated financial statements were approved by the Board of Directors on Ramadan 18, 1445 (corresponding to March 28, 2024).