

**Abdulmohsen Al-Hokair Group for Tourism and  
Development Company  
(A Saudi Joint Stock Company)**

Condensed interim consolidated financial statements  
and independent auditor review report (unaudited)  
For the three- and nine-month periods ended 30  
September 2023

**Abdulmohsen Al-Hokair Group for Tourism and Development Company**  
**(A Saudi Joint Stock Company)**  
**Index of the condensed interim consolidated financial statements**  
**For the three and nine-month period ended 30 September 2023 (Unaudited)**

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## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of  
Abdulmohsen Al-Hokair Group for Tourism and Development Company "A Saudi Joint Stock Company"  
Riyadh – Kingdom of Saudi Arabia

### Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Abdulmohsen Al-Hokair Group for Tourism and Development Company ("the Company") and its subsidiaries (together "the Group") as at 30 September 2023 and the related condensed interim consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of those condensed interim consolidated financial statements in accordance with International Accounting Standard ("IAS 34") "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements is not prepared in all material respects in accordance with IAS (34) that is endorsed in the Kingdom of Saudi Arabia.

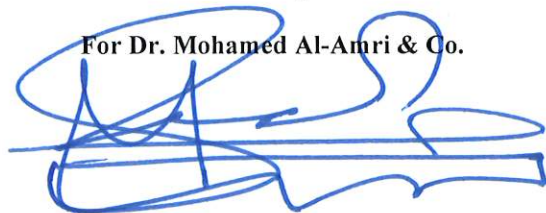
### Emphasis of Matter

We draw attention to Note 2 to the accompanying condensed interim consolidated financial statements, which indicates that the Group incurred a net loss of Saudi Riyals 22.3 million for the nine-month period ended 30 September 2023 resulting in accumulated losses of Saudi Riyals 46.9 million as at 30 September 2023. In addition, the Group's current liabilities exceeded its current assets by Saudi Riyals 278.9 million as at that date. The Group is mainly dependent on the successful execution of its 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. These conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists 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 condensed interim consolidated financial statements for the Group for three-month and nine-month periods ended at 30 September 2022, were reviewed by another auditor, and an unmodified conclusion was issued on 13 November 2022. The Group's consolidated financial statements for the year ended at 31 December 2022, were also audited by same auditor, and an unmodified opinion was issued on those consolidated financial statements on 9 April 2023.

For Dr. Mohamed Al-Amri & Co.



**Maher Al-Khateb**  
Certified Public Accountant  
Registration No. 514

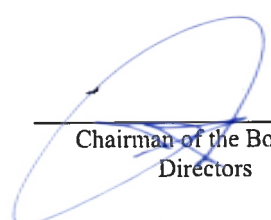


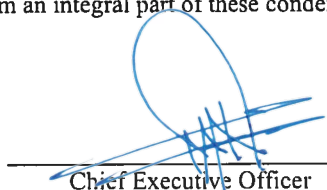
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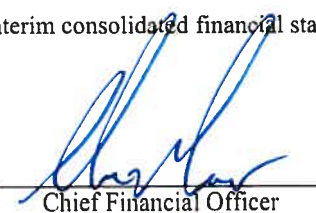
**Abdulmohsen Al-Hokair Group for Tourism and Development Company**  
**(A Saudi Joint Stock Company)**  
**Condensed interim consolidated statement of financial position**  
**As at 30 September 2023**  
**(All amounts in thousands Saudi Riyal unless otherwise stated)**

	<b>Note</b>	<b>As at 30 September 2023 (Unaudited)</b>	<b>As at 31 December 2022 (Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in joint ventures		105,066	105,632
Property and equipment	5	785,242	779,812
Intangible assets		7,595	8,530
Right of use assets		843,839	857,956
Long term loans to a joint venture		810	10,734
<b>Total non-current assets</b>		<b>1,742,552</b>	<b>1,762,664</b>
<b>Current assets</b>			
Inventories		20,242	19,530
Trade receivables		101,421	92,413
Prepayments and other current assets		141,497	137,072
Financial asset held at FVTPL		-	10,053
Cash and cash equivalents		40,818	45,206
<b>Total current assets</b>		<b>303,978</b>	<b>304,274</b>
<b>Total Assets</b>		<b>2,046,530</b>	<b>2,066,938</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	7	315,000	315,000
Other reserves		1,319	(219)
Accumulated losses		(46,869)	(24,615)
<b>Total Equity</b>		<b>269,450</b>	<b>290,166</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current portion of long-term loans	6	302,144	340,953
Non-current portion of lease liabilities		842,546	853,857
Employees' terminal benefits liabilities		49,556	48,519
<b>Total non-current liabilities</b>		<b>1,194,246</b>	<b>1,243,329</b>
<b>Current liabilities</b>			
Trade payables and other current liabilities		286,388	244,063
Short term loans and current portion of long-term loans	6	176,610	168,018
Current portion of lease liabilities		112,976	114,502
Provision for zakat		6,860	6,860
<b>Total current liabilities</b>		<b>582,834</b>	<b>533,443</b>
<b>Total liabilities</b>		<b>1,777,080</b>	<b>1,776,772</b>
<b>Total equity and liabilities</b>		<b>2,046,530</b>	<b>2,066,938</b>

The accompanying notes 1 to 15 form an integral part of these condensed interim consolidated financial statements

  
Chairman of the Board of  
Directors

  
Chief Executive Officer

  
Chief Financial Officer

**Abdulmohsen Al-Hokair Group for Tourism and Development Company**  
**(A Saudi Joint Stock Company)**  
**Condensed interim consolidated statement of profit or loss and other comprehensive income**  
**For the three and nine-month periods ended 30 September 2023**  
**(All amounts in thousands Saudi Riyal unless otherwise stated)**

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023	2022*	2023	2022*
Notes	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue</b>				
- Hotels	89,622	79,726	281,132	262,242
- Entertainment	113,690	88,048	268,097	231,071
- Others	10,074	8,723	29,076	27,626
<b>Total revenue</b>	<b>213,386</b>	<b>176,497</b>	<b>578,305</b>	<b>520,939</b>
<b>Cost of revenue</b>				
- Hotels	(64,072)	(63,598)	(210,220)	(222,585)
- Entertainment	(80,606)	(56,959)	(201,154)	(170,950)
- Others	(8,764)	(9,576)	(25,750)	(30,098)
<b>Total cost of revenue</b>	<b>(153,442)</b>	<b>(130,133)</b>	<b>(437,124)</b>	<b>(423,633)</b>
<b>Gross profit</b>	<b>59,944</b>	<b>46,364</b>	<b>141,181</b>	<b>97,306</b>
<b>Expenses</b>				
Selling and marketing	(5,736)	(5,667)	(19,156)	(21,022)
General and administration	(32,402)	(34,588)	(95,760)	(110,669)
<b>Total expenses</b>	<b>(38,138)</b>	<b>(40,255)</b>	<b>(114,916)</b>	<b>(131,691)</b>
<b>Operating profit / (loss)</b>	<b>21,806</b>	<b>6,109</b>	<b>26,265</b>	<b>(34,385)</b>
Finance cost on loans	(10,371)	(6,547)	(28,684)	(16,895)
Finance cost on lease liabilities	(9,532)	(8,107)	(29,696)	(27,845)
Share in net results of joint ventures	(1,832)	1,042	4,204	2,515
Income from financial asset held at FVTPL	-	-	191	-
Other (Loss) / income, net	(249)	1,099	53	1,103
Gain from lease termination	8,377	39,257	8,937	39,257
Gain / (loss) on disposal of property and equipment	799	(18,643)	977	(18,176)
Provision for expected credit loss	(1,852)	(2,989)	(4,501)	(2,006)
<b>Profit / (loss) before zakat</b>	<b>7,146</b>	<b>11,221</b>	<b>(22,254)</b>	<b>(56,432)</b>
Zakat	-	-	-	-
<b>Net profit (loss) for the period</b>	<b>7,146</b>	<b>11,221</b>	<b>(22,254)</b>	<b>(56,432)</b>
<b>Other comprehensive income / (loss)</b>				
<b>Items that will not be reclassified to profit or loss:</b>				
Remeasurement of post-employment benefit obligations, net of zakat	661	1,092	1,998	555
<b>Items that will be reclassified to profit or loss:</b>				
Subsidiary's financial statements' translation differences	97	(169)	(460)	(770)
<b>Other comprehensive income / (loss) for the period</b>	<b>758</b>	<b>923</b>	<b>1,538</b>	<b>(215)</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>7,904</b>	<b>12,144</b>	<b>(20,716)</b>	<b>(56,647)</b>
<b>Profit / (loss) per share:</b>				
Basic and diluted profit / (loss) per share (SR)	9	0.02	0.04	(0.07)
				(0.18)

\* Refer to note 14 for more details about the restatements for the comparative figures

The accompanying notes 1 to 15 form an integral part of these condensed interim consolidated financial statements

Chairman of the Board of Directors

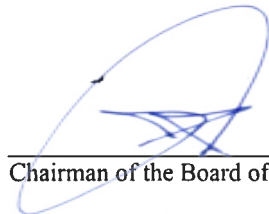
Chief Executive Officer

Chief Financial Officer

**Abdulmohsen Al-Hokair Group for Tourism and Development Company**  
**(A Saudi Joint Stock Company)**  
**Condensed interim consolidated statement of changes in equity**  
**For the nine-month period ended 30 September 2023**  
(All amounts in thousands Saudi Riyal unless otherwise stated)

	Share capital	Other reserves	Accumulated losses	Total equity
<b>For the nine-month period ended 30 September 2022 (Unaudited)</b>				
Balance as at 1 January 2022 (Audited)	650,000	171	(272,291)	377,880
Restatements	-	-	(5,836)	(5,836)
<b>Restated balance as at 1 January 2022 (Audited)</b>	650,000	171	(278,127)	372,044
Loss for the period	-	-	(56,432)	(56,432)
Other comprehensive loss for the period	-	(215)	-	(215)
Total comprehensive loss for the period	-	(215)	(56,432)	(56,647)
<b>Restated balance as at 30 September 2022 (Unaudited)</b>	650,000	(44)	(334,559)	315,397
<b>For the nine-month period ended 30 September 2023 (Unaudited)</b>				
<b>Balance as at 1 January 2023 (Audited)</b>	315,000	(219)	(24,615)	290,166
Loss for the period	-	-	(22,254)	(22,254)
Other comprehensive income for the period	-	1,538	-	1,538
Total comprehensive income / (loss) for the period	-	1,538	(22,254)	(20,716)
<b>Balance as at 30 September 2023 (Unaudited)</b>	315,000	1,319	(46,869)	269,450

The accompanying notes 1 to 15 form an integral part of these condensed interim consolidated financial statements

  
Chairman of the Board of Directors

  
Chief Executive Officer

  
Chief Financial Officer

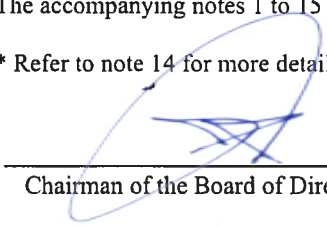


**Abdulmohsen Al-Hokair Group for Tourism and Development Company**  
**(A Saudi Joint Stock Company)**  
**Condensed interim consolidated statement of cash flows**  
**For the nine-month period ended 30 September 2023**  
**(All amounts in thousands Saudi Riyal unless otherwise stated)**

		<b>For the nine-month period ended 30 September</b>	
	<b>Notes</b>	<b>2023 (Unaudited)</b>	<b>2022* (Unaudited)</b>
<b>OPERATING ACTIVITIES</b>			
Loss before zakat		(22,254)	(56,432)
<i>Adjustments for:</i>			
Depreciation of property and equipment	5.1	80,232	99,828
Amortization of intangible assets		1,097	1,003
Depreciation of right of use assets		69,943	65,960
Rent concession		-	(5,081)
Gain from lease termination		(8,937)	(6,579)
Provision for expected credit loss		4,501	2,006
(Reversal) / Provision for slow moving inventories		(32)	255
Share in net results of joint ventures		(4,204)	(2,515)
(Gain) / loss of disposal of property and equipment		(977)	18,176
Financial cost on loans		28,684	16,895
Financial cost on lease liabilities		29,696	27,845
Finance income from long term loan to joint venture		-	(931)
Income from financial asset held at FVTPL		(191)	-
Employees' terminal benefits liabilities provision		7,783	7,900
<b>Operating cash flows before changes in working capital and zakat paid:</b>		<b>185,341</b>	<b>168,330</b>
<i>Changes in working capital:</i>			
Trade receivables		(13,509)	7,244
Prepayments and other current assets		(6,225)	(79,967)
Inventory		(680)	(857)
Trade payables and other current liabilities		31,561	55,433
<b>Cash from operating activities</b>		<b>196,488</b>	<b>150,183</b>
Employees' terminal benefits paid		(4,748)	(6,534)
<b>Net cash generated from operating activities</b>		<b>191,740</b>	<b>143,649</b>
<b>INVESTING ACTIVITIES</b>			
Additions to property and equipment	5	(86,049)	(25,974)
Additions to intangible assets		(162)	(971)
Proceeds from disposal of property and equipment		783	6,115
Dividends received from joint ventures		19,400	-
Addition to investments in joint ventures		-	(150)
Long term loans to a joint venture		(2,906)	(11,140)
Proceeds from sale of financial asset held at FVTPL		10,244	-
<b>Net cash used in investing activities</b>		<b>(58,690)</b>	<b>(32,120)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings	6	175,620	172,309
Payment of loans and borrowings	6	(204,287)	(230,226)
Payment of lease liabilities		(78,658)	(79,655)
Finance cost paid		(30,234)	(16,682)
<b>Net cash used in financing activities</b>		<b>(137,559)</b>	<b>(154,254)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(4,509)</b>	<b>(42,725)</b>
		121	(46)
Effect of exchange in a subsidiary's financial statements' translation differences			
Cash and cash equivalents at the beginning of the period		45,206	171,461
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>40,818</b>	<b>128,690</b>

The accompanying notes 1 to 15 form an integral part of these condensed interim consolidated financial statements

\* Refer to note 14 for more details about the restatements for the comparative figures.

  
Chairman of the Board of Directors

  
Chief Executive Officer

  
Chief Financial Officer

**Abdalmohsen Al-Hokair Group for Tourism and Development Company**  
**(A Saudi Joint Stock Company)**

**Notes to the condensed interim consolidated financial statements**

**For the nine-month period ended 30 September 2023**

(All amounts in thousands Saudi Riyal unless otherwise stated)

## **1. GENERAL INFORMATION**

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

The registered address of the Group is Al Murooj District North Ring Road between exit 4 and 5 after Hilton Double 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 condensed interim consolidated financial statements:

	<b>Direct and indirect Ownership %</b>			
<b>Subsidiary</b>	<b>30 September 2023</b>	<b>31 December 2022</b>	<b>Principal activity</b>	<b>Country of incorporation</b>
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 Group, the non-controlling interest is insignificant and therefore not disclosed. All of the above-mentioned subsidiaries have been consolidated.

## **2. GOING CONCERN**

The condensed interim consolidated financial statements as at 30 September 2023 indicate that the Group incurred a net loss of Saudi Riyals 22.3 million for the nine-month period ended 30 September 2023 (Saudi Riyals 56.4 million for the nine-month period ended 30 September 2022) resulting in accumulated losses of Saudi Riyals 46.9 million as at 30 September 2023 (Saudi Riyals 24.6 million as at 31 December 2022). Further, the current liabilities of the Group exceeded its current assets by Saudi Riyals 278.9 million as at 30 September 2023 (Saudi Riyals 229.2 million as at 31 December 2022). These conditions indicate the existence of a material uncertainty that may cast a doubt on the Group's ability to continue as a going concern.

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

1. The Group was able to settle all its maturing loans with original due dates in the third quarter of 2023 which amounted to SR 204.3 million and the same level of commitment is included in the plans for the next 12 months for loans amounting to SR 171.5 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.



## **2. GOING CONCERN - (continued)**

3. The Group continued to generate positive cash flows from its operating activities and generated SR 191.7 million during the third quarter of 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 SR 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-months 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 condensed interim 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 condensed interim 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 30 September 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 condensed interim consolidated financial statements on a going concern basis. Therefore, the condensed interim consolidated financial statements have been prepared on a going concern basis.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

### **3.1 Basis of preparation**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and professional accountants ("SOCPA").

These condensed interim consolidated financial statements should be read in conjunction with the Group's annual audited consolidated financial statements as at and for the year ended 31 December 2022 and do not include all of the information required for a complete set of financial statements under International Financial Reporting Standards "IFRS" as endorsed by SOCPA. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's condensed interim consolidated financial position and performance since the last annual audited consolidated financial statements.

The results for the nine-month period ended on 30 September 2023 are not necessarily indicative of the results that can be expected for the year ending on 31 December 2023.

### **3.2 Preparing of the condensed interim consolidated financial statements**

These condensed interim 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**

These condensed interim consolidated financial statements are presented in Saudi Riyal (SR) and all values are rounded to the nearest thousands, except when otherwise indicated.

### **3.4 Consistent application of accounting policies**

These accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

### **New Standards, Amendment to Standards and Interpretations:**

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2023 and has been explained in Group annual Consolidated Financial Statements, but they do not have a material effect on the Group's Condensed Interim Consolidated Financial Statements as at 30 September 2023.

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

### **3. SIGNIFICANT ACCOUNTING POLICIES - (continued)**

#### **3.5 Basis of consolidation**

These condensed interim consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 September 2023. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies.

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 condensed interim 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 recognized in the consolidated statement of comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### **4. SIGNIFICANT JUDGMENTS, ASSUMPTIONS AND ESTIMATES**

The preparation of the Group's condensed interim consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, 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 recognized 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.

#### **4. SIGNIFICANT JUDGMENTS, ASSUMPTIONS AND ESTIMATES - (continued)**

##### ***Going concern***

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

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

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

##### **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, 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 analyzed.

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.

##### **Property and equipment useful life and residual value**

Management estimated and reassessed the useful lives of its property and equipment based on operational and technical reviews that resulted in changes in its expected useful lives (Note 5). Any change in the estimated useful life or depreciation pattern will be accounted for prospectively.

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**5. PROPERTY AND EQUIPMENT**

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

Category	Old Useful life	New Useful life
Buildings and improvements	The shorter of useful life (10 to 30 years) or lease period	The shorter of useful life (20 to 40 years) or lease period
Entertainment equipment	7 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

	Building and improvements	Entertainment equipment	Furniture and fixtures	Motor vehicles	Air conditioners	Computers	Tools	Projects under construction	Total
<b>For the period ended 30 September 2023</b>									
<b><u>(Unaudited)</u></b>									
<b>Cost:</b>									
As 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	4,604	36,593	1,383	129	2,759	791	270	39,520	86,049
Disposals	(2,439)	(2,895)	(6,172)	(1,347)	(346)	(460)	(3,844)	-	(17,503)
Transfer from projects under construction	8,944	2,323	603	-	854	386	2,136	(15,246)	-
Exchange difference	(177)	(534)	(2)	(10)	-	(29)	-	(31)	(783)
As at 30 September 2023	1,070,039	669,903	253,643	23,728	87,849	61,636	146,741	52,058	2,365,597
<b>Depreciation:</b>									
As 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 period (note 5.1)	37,656	24,523	9,090	122	3,560	1,131	4,150	-	80,232
Disposals	(2,900)	(2,629)	(6,171)	(1,347)	(346)	(460)	(3,844)	-	(17,697)
Exchange difference	(45)	(137)	(2)	(8)	-	(10)	-	-	(202)
As at 30 September 2023	539,917	544,324	227,444	23,239	67,941	58,433	118,433	624	1,580,355
<b>Net book values:</b>									
As at 30 September 2023	530,122	125,579	26,199	489	19,908	3,203	28,308	51,434	785,242

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 10.8 million, and the net results would decrease by the same amount for the three-month and nine-month periods ended 30 September 2023.

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**5. PROPERTY AND EQUIPMENT - (continued)**

	<b>Building and improvements</b>	<b>Entertainment equipment</b>	<b>Furniture and fixtures</b>	<b>Motor vehicles</b>	<b>Air conditioners</b>	<b>Computers</b>	<b>Tools</b>	<b>Projects under construction</b>	<b>Total</b>
<b><u>For the year ended as at 31 December 2022</u></b>									
<b><u>(Audited)</u></b>									
<b>Cost:</b>									
As 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 (*)	(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)
As at 31 December 2022	1,059,107	634,416	257,831	24,956	84,582	60,948	148,179	27,815	2,297,834
<b>Depreciation:</b>									
As 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 (note 5.1)	58,318	38,028	17,285	221	6,845	3,047	8,662	-	132,406
Disposals (*)	(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)
As at 31 December 2022	505,206	522,567	224,527	24,472	64,727	57,772	118,127	624	1,518,022
<b>Net book values:</b>									
As at 31 December 2022	553,901	111,849	33,304	484	19,855	3,176	30,052	27,191	779,812

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

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

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**5. PROPERTY EQUIPMENT - (continued)**

5.1 The depreciation charge has been allocated within the condensed interim consolidated statement of profit or loss and other comprehensive income as follows:

	<b>30 September 2023</b> <b>(Unaudited)</b>	<b>31 December 2022</b> <b>(Audited)</b>
Cost of revenue	77,325	127,528
General and administration expenses	2,907	4,878
	<b>80,232</b>	<b>132,406</b>

**6. LOANS**

Loans represent Murabaha financing obtained from local banks with a commission linked to SIBOR plus the agreed margin. The commission varies between the loans and depends on the contractual provisions of each agreement. The weighted average commission (based on the carrying amount of the loans as at 30 September 2023) is SAIBOR plus 2.2% and is equivalent to the market interest rates.

The following is a summary of the loans:

	<b>30 September 2023</b> <b>(Unaudited)</b>	<b>31 December 2022</b> <b>(Audited)</b>
Current portion of long-term loans	156,407	147,663
Short term loans	20,203	20,355
	<b>176,610</b>	<b>168,018</b>
Non-current portion of long-term loans	302,144	340,953
	<b>478,754</b>	<b>508,971</b>

The movement in the loans is as follows:

	<b>30 September 2023</b> <b>(Unaudited)</b>	<b>31 December 2022</b> <b>(Audited)</b>
At the beginning of the period / year	508,971	554,247
Proceeds during the period / year	175,620	210,483
Financial charges for the period / year	28,684	-
Repayments during the period / year	(204,287)	(255,759)
Finance cost paid during the period / year	(30,234)	-
	<b>478,754</b>	<b>508,971</b>

(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 30 September 2023, the Group did not achieve the targets for certain loan covenants but has obtained waivers from the relevant banks at prior year end and testing date which exempted the group from the requirement to test the covenants in that period. 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.

(ii) The management assessed that fair value of short-term loans and current portion of long-term loans approximate their carrying amounts due to the short-term maturities of these instruments.



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**7. 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.

**8. RELATED PARTY TRANSACTIONS AND BALANCES**

**8.1 Related party transactions**

The following are the details of major related party transactions:

Related Party	Nature of transaction	Transactions for the nine-month period ended 30 September	
		2023 (Unaudited)	2022 (Unaudited)
Abdulmohsen Abdulaziz Al Hokair Group (Ultimate parent)	Rent expense / lease payments (a)	43,326	47,126
	Revenue	2,448	1,546
	Income from lease termination compensation	-	32,678
	Management fees income (c)	1,849	-
Key management executives	Salaries and related benefits (b)	3,423	4,361
	Post-employment benefits	259	252
Joint ventures	Management fees income	303	311
	Revenue	4,291	-
	Loan	2,906	11,140
	Interest on loan	-	931
	Transfer of loan to equity investment	12,830	-
Under common control	Rent expense/ Lease payments (a)	5,752	3,699
	Revenue	456	363
Members of board of directors	Remuneration for meetings	1,765	2,250

- a) This amount represents lease/rent payments for 30 properties (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) Key management executives are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) and the board of members of the company. Salaries and related benefits of SR 3.4 million (30 September 2022: SR 4.4 million) were paid to the key management executives of the Group.
- c) This amount represents management fees of six entertainment centers (30 September 2022: six entertainment centers) and two hotels (30 September 2022: NIL) owned by a joint venture and ultimate parent.

## **8. RELATED PARTY TRANSACTIONS AND BALANCES - (continued)**

### **8.2 Terms and conditions relating to related party balances**

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

### **8.3 Related Party Balances**

The following are the details of major related party balances recorded under trade receivables and trade payables as at September 30, 2023, and 31 December 2022:

#### **A. Amounts due from related parties**

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Ultimate parent	<b>40,405</b>	36,751
Asateer Gulf Sports Company Limited (a joint venture)	<b>8,190</b>	3,751
Asateer Company for Entertainment Projects Limited (a joint venture)	<b>1,891</b>	2,892
Tarfeeh Company for Projects and Tourism Limited (a joint venture)	<b>698</b>	1,620
Mena Company for Education and Development (under common control)	<b>952</b>	695
Naqaha Healthcare Company Limited (under common control)	<b>109</b>	109
Others	<b>1,701</b>	1,610
	<b>53,946</b>	47,428

#### **B. Amounts due to related parties**

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Tanami Arabia Co. Ltd. (under common control)	<b>5,542</b>	8,024
Riyadh Plastic Factory (under common control)	<b>928</b>	662
Al Qaseem Company for Entertainment and Commercial Projects Limited (a joint venture)	<b>692</b>	692
	<b>7,162</b>	9,378

## 9. BASIC AND DILUTED LOSS PER SHARE

The following table reflects the profit / (loss) per share calculations:

	For the three-months ended 30 September		For the nine-month ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Net profit / (loss) for the period	7,146	11,221	(22,254)	(56,432)
Weighted average number of ordinary shares outstanding during the period (Note 7)	Thousands 315,000	Thousands 315,000	Thousands 315,000	Thousands 315,000
Basic and diluted profit / (loss) per share (SR)	0.02	0.04	(0.07)	(0.18)

The weighted average number of ordinary shares outstanding during the period has been retrospectively adjusted on all presented periods to reflect the impact of the split of shares that was approved on 21 June 2023 as disclosed in note 7.

## 10. COMMITMENTS AND CONTINGENCIES

### 10.1 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 its legal counsel, the Group's management does not expect that these will have a material adverse effect on its condensed interim consolidated financial position or results of operations as adequate provision was made in the condensed interim consolidated financial statements.

### 10.2 Capital commitments

As at 30 September 2023, the Group has capital commitments of SR 89.9 million (31 December 2022: SR 109.2 million) related to projects under constructions.

### 10.3 Letters of credit and guarantee

As at 30 September 2023, the Group had outstanding letters of credit and guarantee amounting to SR 600 thousand (31 December 2022: SR 7.1 million).

## 11. SEGMENTAL INFORMATION

The Executive Management 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 and measured consistently.

### 11.1 The Group's reportable segments under IFRS 8

**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 Land Amusement Toys Company UAE, Asateer Company for Entertainment and Tourism – Egypt and Osool Al Mazaya Hospitality Company- KSA. However, the total assets, liabilities, commitments and results of operations of those subsidiaries are not significant to the Group's overall condensed interim consolidated financial statements. Transactions between the operating segments are on terms as approved by the management. There are no significant items of revenue or expense between the operating segments. Majority of the segment assets and liabilities comprise operating assets and liabilities.

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**11. SEGMENTAL INFORMATION - (continued)**

**11.1 The Group's reportable segments under IFRS 8 - (continued)**

Following is a summary of key financial information for the nine-month period ended 30 September 2023, 30 September 2022 and year ended 31 December 2022:

<b><u>For the period ended as at 30 September 2023 (Unaudited)</u></b>	<b>Hotels</b>	<b>Entertainment</b>	<b>Others</b>	<b>Total</b>
Revenue	281,132	268,097	29,076	578,305
Depreciation of property and equipment – cost of revenue	(30,934)	(39,207)	(7,184)	(77,325)
Depreciation of right of use assets	(12,524)	(47,226)	(9,014)	(68,764)
Other cost of revenue	(166,762)	(114,721)	(9,552)	(291,035)
Gross profit	70,912	66,943	3,326	141,181
Expenses	(61,525)	(32,607)	(20,784)	(114,916)
Finance cost charges	(13,434)	(34,864)	(10,082)	(58,380)
Share in net results of joint ventures	-	-	4,204	4,204
Income from financial asset held at FVTPL	-	-	191	191
Other income	10	43	-	53
Gain from lease termination	3,597	1,592	3,748	8,937
Gain on disposal of property and equipment	15	962	-	977
Provision for expected credit loss	(1,234)	(824)	(2,443)	(4,501)
Zakat	-	-	-	-
Net (loss) / profit	(1,659)	1,245	(21,840)	(22,254)

Investments in joint ventures	-	-	105,066	105,066
Property and equipment	310,521	366,244	108,477	785,242
Right of use assets	177,681	448,317	217,841	843,839
Total assets	655,416	902,744	488,370	2,046,530
Total liabilities	444,562	838,716	493,802	1,777,080

**For the period ended as at 30 September 2022 (Unaudited)**

	Hotels	Entertainment	Others	Total
Revenue	262,242	231,071	27,626	520,939
Depreciation of property and equipment – cost of revenue	(43,249)	(46,112)	(7,209)	(96,570)
Depreciation of right of use assets	(14,930)	(42,798)	(7,054)	(64,782)
Other cost of revenue	(164,406)	(82,040)	(15,835)	(262,281)
Gross profit / (Loss)	39,657	60,121	(2,472)	97,306
Expenses	(66,908)	(33,625)	(31,158)	(131,691)
Finance cost charges	(11,760)	(28,170)	(4,810)	(44,740)
Share in net results of joint ventures	-	-	2,515	2,515
Other income	5	-	1,098	1,103
Gain from lease termination	32,678	6,266	313	39,257
(Loss) / Gain on disposal of property and equipment	(23,509)	2,936	2,397	(18,176)
Provision for expected credit loss	(498)	(729)	(779)	(2,006)
Zakat	-	-	-	-
Net (loss) / profit	(30,335)	6,799	(32,896)	(56,432)

**For the year ended as at 31 December 2022 (Audited)**

	Hotels	Entertainment	Others	Total
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

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**11. SEGMENTAL INFORMATION - (continued)**

**11.1 The Group's reportable segments under IFRS 8 - (continued)**

In addition to the above segment reporting, the Company's revenue is generated from the following locations and subsidiaries:

<b><u>For the period ended as at 30 September 2023</u></b> <b><u>(Unaudited)</u></b>	<b>Kingdom of Saudi Arabia</b>	<b>United Arab Emirates</b>	<b>Arab Republic of Egypt</b>	<b>Total</b>
The Company	551,638	-	-	551,638
Osool Al Mazaya Hospitality Company	991	-	-	991
Sparky's Land Amusement Toys Company	-	24,186	-	24,186
Asateer Company for Entertainment and Tourism	-	-	1,490	1,490
<b>Total revenue</b>	<b>552,629</b>	<b>24,186</b>	<b>1,490</b>	<b>578,305</b>

<b><u>For the period ended as at 30 September 2022</u></b> <b><u>(Unaudited)</u></b>	<b>Kingdom of Saudi Arabia</b>	<b>United Arab Emirates</b>	<b>Arab Republic of Egypt</b>	<b>Total</b>
The Company	498,526	-	-	498,526
Osool Al Mazaya Hospitality Company	688	-	-	688
Sparky's Land Amusement Toys Company	-	19,881	-	19,881
Asateer Company for Entertainment and Tourism	-	-	1,844	1,844
<b>Total revenue</b>	<b>499,214</b>	<b>19,881</b>	<b>1,844</b>	<b>520,939</b>

**11.2 Credit exposure by operating segments is as follows:**

<b><u>For the period ended as at 30 September 2023</u></b> <b><u>(Unaudited)</u></b>	<b>Hotels</b>	<b>Entertainment</b>	<b>Others</b>	<b>Total</b>
Assets	134,922	19,381	50,809	205,112
Commitments and contingencies	12,164	77,913	477	90,554

<b><u>For the year ended as at 31 December 2022 (Audited)</u></b>	<b>Hotels</b>	<b>Entertainment</b>	<b>Others</b>	<b>Total</b>
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.

**12. 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, receivables and amounts due from related parties. Its financial liabilities mainly consist of term loans, payables, accruals and amounts due to related parties.

The fair value of financial instruments is not significantly different from their carrying value at the date of preparing the financial statements due to the short-term maturities of these instruments.

**13. COMPARATIVE FIGURES**

Certain figures for the comparative have been reclassified to conform to the current period presentation of the interim condensed consolidated financial statements Note (14).

## **14. RESTATEMENT**

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

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

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

### **14.1 Restatement (1)**

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

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

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

### **14.2 Restatement (2)**

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



**14. RESTATEMENT - (continued)**

**14.3 Restatement (3)**

During the prior period, the management identified that depreciation related to the mechanical rides was erroneously recorded within the general and administrative expenses. Mechanical rides are directly related to revenue generating activities within the entertainment segment and therefore depreciation on those assets should be recorded in cost of revenue.

**14.4 Restatement (4)**

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

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

**14. RESTATEMENT - (continued)**

**Impact on statement of profit or loss and other comprehensive income (Unaudited)**

<b><u>For the nine-month period ended 30 September 2022 (Unaudited)</u></b>	<b><u>As originally presented</u></b>	<b><u>Restatement (1)</u></b>	<b><u>Restatement (2)</u></b>	<b><u>Restatement (3)</u></b>	<b><u>Restatement (4)</u></b>	<b><u>As restated at 30 September 2022 (Unaudited)</u></b>
Cost of revenue	(421,633)	854	707	(4,740)	1,179	(423,633)
Gross profit	99,306	854	707	(4,740)	1,179	97,306
General and administrative expenses	(113,523)	-	(707)	4,740	(1,179)	(110,669)
Total expenses	(134,545)	-	(707)	4,740	(1,179)	(131,691)
Operating (loss) / profit	(35,239)	854	-	-	-	(34,385)
Finance cost on lease liabilities	(24,784)	(3,061)	-	-	-	(27,845)
Loss before zakat	(54,225)	(2,207)	-	-	-	(56,432)
Zakat	-	-	-	-	-	-
Net loss for the period	(54,225)	(2,207)	-	-	-	(56,432)
Total comprehensive loss for the period	(54,440)	(2,207)	-	-	-	(56,647)

<b><u>For the three-month period ended 30 September 2022 (Unaudited)</u></b>	<b><u>As originally presented</u></b>	<b><u>Restatement (1)</u></b>	<b><u>Restatement (2)</u></b>	<b><u>Restatement (3)</u></b>	<b><u>Restatement (4)</u></b>	<b><u>As restated at 30 September 2022 (Unaudited)</u></b>
Cost of revenue	(129,465)	144	201	(1,410)	397	(130,133)
Gross profit	47,032	144	201	(1,410)	397	46,364
General and administrative expenses	(35,400)	-	(201)	1,410	(397)	(34,588)
Total expenses	(41,067)	-	(201)	1,410	(397)	(40,255)
Operating profit	5,965	144	-	-	-	6,109
Finance cost on lease liabilities	(7,069)	(1,038)	-	-	-	(8,107)
Profit / (Loss) before zakat	12,115	(894)	-	-	-	11,221
Zakat	-	-	-	-	-	-
Net Profit / (Loss) for the period	12,115	(894)	-	-	-	11,221
Total comprehensive loss for the period	13,038	(894)	-	-	-	12,144

#### 14. RESTATEMENT - (continued)

Impact on Cash flows for the period ended 30 September 2022 (Unaudited).

	As originally presented	Restatement (1)	Restatement (2)	As restated at 30 September 2022 (Unaudited)
<b>Operating activities</b>				
Loss for the period before zakat	(54,225)	(2,207)	-	(56,432)
Adjustments for:				
Depreciation of property and equipment	100,403	428	(1,003)	99,828
Amortization of intangible assets	-	-	1,003	1,003
Depreciation of right of use assets	67,242	(1,282)	-	65,960
Financial charges on lease liabilities	24,784	3,061	-	27,845
<b>Investing activities</b>				
Additions to property and equipment	(26,945)	-	971	(25,974)
Additions to intangible assets	-	-	(971)	(971)

#### 15. APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These condensed interim consolidated financial statements were approved by the board of directors on 06 November 2023 (corresponding to 22 Rabi-ul-Thani 1445H).