

JORDAN HOTELS AND TOURISM COMPANY

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

30 SEPTEMBER 2023



Ernst & Young Jordan
P.O. Box 1140
300 King Abdulla Street
Amman 11118
Jordan
Tel:00962 6 580 0777 /00962 6552 6111
Fax:00962 6 5538 300
www.ey.com

**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF
JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN**

Introduction

We have reviewed the interim condensed financial statements of Jordan Hotels and Tourism Public Shareholding Company (the “Company”) as of 30 September 2023, comprising of the interim condensed statement of financial position as at 30 September 2023 and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information 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 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Amman – Jordan
31 October 2023

ERNST & YOUNG
Amman - Jordan

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

| | Notes | 30 September 2023 | 31 December 2022 |
|---|-------|--------------------------|--------------------------|
| | | JD (Unaudited) | JD (Audited) |
| <u>ASSETS</u> | | | |
| Non-current assets - | | | |
| Land | | 751,011 | 751,011 |
| Property and equipment | 3 | 21,877,112 | 22,566,290 |
| Projects in progress | 4 | 80,974 | 22,790 |
| Financial assets at fair value through other comprehensive income | | 2,400 | 2,400 |
| Deferred tax assets | 5 | 965,077 | 1,104,183 |
| Right-of-use assets – lease contracts | 6 | 1,786,079 | 1,914,602 |
| | | <u>25,462,653</u> | <u>26,361,276</u> |
| Current assets - | | | |
| Inventories | | 88,512 | 83,990 |
| Accounts receivable | | 848,120 | 536,045 |
| Other current assets | | 421,986 | 243,786 |
| Cash on hand and at banks | 7 | 6,768,501 | 5,875,987 |
| | | <u>8,127,119</u> | <u>6,739,808</u> |
| TOTAL ASSETS | | <u><u>33,589,772</u></u> | <u><u>33,101,084</u></u> |
| <u>EQUITY AND LIABILITIES</u> | | | |
| Equity - | | | |
| Paid-in capital | 1 | 10,000,000 | 10,000,000 |
| Share premium | | 505,173 | 505,173 |
| Statutory reserve | 8 | 2,569,247 | 2,569,247 |
| Voluntary reserve | 8 | 3,800,824 | 3,800,824 |
| Fair value reserve | | (30,000) | (30,000) |
| Retained earnings | | 7,375,178 | 6,807,105 |
| Total Equity | | <u>24,220,422</u> | <u>23,652,349</u> |
| Liabilities - | | | |
| Non-current liabilities - | | | |
| Long-term loans | 9 | 2,312,375 | 2,136,919 |
| Deferred tax liabilities | 5 | 41,650 | 31,529 |
| Long-term lease obligations | 6 | 1,328,553 | 1,557,289 |
| Other current liabilities | | 1,253,758 | 1,551,762 |
| | | <u>4,936,336</u> | <u>5,277,499</u> |
| Current liabilities - | | | |
| Short-term portion of long-term loans | 9 | 377,432 | 254,317 |
| Accounts payable | | 1,400,339 | 1,624,167 |
| Due to related parties | 10 | 37,455 | 110,728 |
| Other current liabilities | | 2,204,882 | 1,819,304 |
| Short-term lease obligations | 6 | 412,906 | 362,720 |
| | | <u>4,433,014</u> | <u>4,171,236</u> |
| Total Liabilities | | <u>9,369,350</u> | <u>9,448,735</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>33,589,772</u></u> | <u><u>33,101,084</u></u> |

The accompanying notes from 1 to 12 form part of these interim condensed financial statements

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

| | Notes | For the three months ended 30 September | | For the nine months ended 30 September | |
|---|-------|--|-------------|---|-------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | JD | JD | JD | JD |
| Operating revenues | | 4,493,922 | 4,223,893 | 11,982,604 | 10,134,923 |
| Operating expenses | | (3,429,584) | (3,221,455) | (9,396,617) | (8,503,023) |
| Net operating revenues | 11 | 1,064,338 | 1,002,438 | 2,585,987 | 1,631,900 |
| Rental income | | 23,153 | 22,652 | 69,458 | 63,207 |
| Interest income | | 62,178 | 20,585 | 159,021 | 30,301 |
| Other income | | 5,075 | 621 | 13,478 | 12,631 |
| Depreciation of property and equipment | | (439,314) | (447,496) | (1,309,833) | (1,320,504) |
| Depreciation of right-of-use asset | | (42,841) | (42,841) | (128,523) | (128,523) |
| Finance costs | | (22,714) | (14,381) | (66,215) | (39,376) |
| Interest expense on lease obligations | | (41,276) | (45,161) | (126,137) | (137,529) |
| Gain on sale of property and equipment | | - | 6,034 | - | 11,379 |
| Administrative expenses | | (120,157) | (168,376) | (366,186) | (633,504) |
| Board of Directors' transportations and remunerations | | (38,250) | (23,850) | (113,750) | (53,550) |
| Profit (loss) for the period before income tax | | 450,192 | 310,225 | 717,300 | (563,568) |
| Income tax (expense) benefit | 5 | (93,852) | (65,361) | (149,227) | 117,276 |
| Profit (loss) for the period | | 356,340 | 244,864 | 568,073 | (446,292) |
| Add: Other comprehensive income items | | - | - | - | - |
| Total comprehensive income for the period | | 356,340 | 244,864 | 568,073 | (446,292) |
| | | JD / Fils | JD / Fils | JD / Fils | JD / Fils |
| Basic and diluted profit (loss) per share for the period | | 0/036 | 0/024 | 0/057 | (0/045) |

The accompanying notes from 1 to 12 form part of these interim condensed financial statements

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

| | <u>Paid-in capital</u> | <u>Share premium</u> | <u>Statutory reserve</u> | <u>Voluntary reserve</u> | <u>Fair value reserve</u> | <u>Retained earnings</u> | <u>Total</u> |
|---|----------------------------|--------------------------|------------------------------|------------------------------|-------------------------------|------------------------------|-------------------|
| | JD | JD | JD | JD | JD | JD | JD |
| 30 September 2023 - | | | | | | | |
| Balance on 1 January | 10,000,000 | 505,173 | 2,569,247 | 3,800,824 | (30,000) | 6,807,105 | 23,652,349 |
| Total comprehensive income for the period | - | - | - | - | - | 568,073 | 568,073 |
| Balance at 30 September | <u>10,000,000</u> | <u>505,173</u> | <u>2,569,247</u> | <u>3,800,824</u> | <u>(30,000)</u> | <u>7,375,178</u> | <u>24,220,422</u> |
| 30 September 2022 - | | | | | | | |
| Balance on 1 January | 10,000,000 | 505,173 | 2,569,247 | 3,800,824 | (30,000) | 7,424,733 | 24,269,977 |
| Total comprehensive income for the period | - | - | - | - | - | (446,292) | (446,292) |
| Balance at 30 September | <u>10,000,000</u> | <u>505,173</u> | <u>2,569,247</u> | <u>3,800,824</u> | <u>(30,000)</u> | <u>6,978,441</u> | <u>23,823,685</u> |

The accompanying notes from 1 to 12 form part of these interim condensed financial statements

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

| | Notes | For the nine months ended 30 September | |
|---|-------|--|------------------|
| | | 2023 JD | 2022 JD |
| <u>Operating Activities</u> | | | |
| Profit (loss) for the period before income tax | | 717,300 | (563,568) |
| Adjustments: | | | |
| Depreciation of property and equipment | | 1,309,833 | 1,320,504 |
| Depreciation of right-of-use assets | | 128,523 | 128,523 |
| Finance costs | | 66,215 | 39,376 |
| Interest expense on lease obligations | | 126,137 | 137,529 |
| Interest income | | (159,021) | (30,301) |
| Provision for expected credit losses, net | | - | (710) |
| Gain on sale of property and equipment | | - | (11,379) |
| Changes in working capital- | | | |
| Inventories | | (4,522) | (38,043) |
| Accounts receivable | | (312,075) | (41,786) |
| Other current assets | | (141,604) | (189,114) |
| Accounts payable | | (223,828) | 239,958 |
| Related parties | | (73,273) | 46,684 |
| Other current liabilities | | 202,468 | 505,933 |
| Net cash flows from operating activities | | 1,636,153 | 1,543,606 |
| <u>Investing Activities</u> | | | |
| Purchase of property and equipment | 3 | (316,111) | (287,077) |
| Projects in progress | 4 | (362,728) | (312,605) |
| Proceeds from sale of property and equipment | | - | 11,379 |
| Term deposit maturing withing three to nine months | | - | (1,000) |
| Interest received | | 122,425 | 30,301 |
| Net cash flows used in investing activities | | (556,414) | (559,002) |
| <u>Financing Activities</u> | | | |
| Dividends paid | | (5,635) | (148,297) |
| Proceeds from loans | | 495,286 | 1,062,910 |
| Loans payment | | (133,333) | - |
| Finance costs paid | | (66,048) | (39,376) |
| Other current liabilities | | (172,808) | 234,561 |
| Payment of lease liabilities | | (304,687) | (241,458) |
| Net cash flows (used in) from financing activities | | (187,225) | 868,340 |
| Net increase in cash and cash equivalents | | 892,514 | 1,852,944 |
| Cash and cash equivalents at the beginning of the period | | 5,875,987 | 3,828,888 |
| Cash and cash equivalents at the end of the period | 7 | 6,768,501 | 5,681,832 |

The accompanying notes from 1 to 12 form part of these interim condensed financial statements

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2023 (UNAUDITED)

(1) GENERAL

Jordan Hotels and Tourism Company (the “Company”) was registered in 1955 as a Public Shareholding Company located in Amman - Jordan. The Company increased its capital throughout the previous years to reach JD 10,000,000 divided into 10,000,000 shares at a par value of JD 1 per share. The Company’s main objectives are to invest in real estate and tourism activities in specific.

The Company owns Intercontinental Hotel Jordan (the “Hotel”) which is operated and managed by Intercontinental Hotel Corporation (“IHC”) in accordance with the Operating and Management Agreement (the “Agreement”) that commenced in the year 1972 and was replaced by another agreement that became effective on 1 January 2008 and was valid until 31 December 2017. The Board of Directors approved the novation, extension, and amendment of the Agreement with IHC effective 1 January 2018 for a period of five years. This agreement has been automatically renewed for an additional five years ending on 31 January 2027.

The interim condensed financial statements were authorized for issue by the Board of Directors in its meeting held on 31 October 2023.

(2) BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION

The interim condensed financial statements for the nine-month period ended 30 September 2023 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

The interim condensed financial statements have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income, which have been measured at fair value as of the date of the interim condensed financial statements.

The interim condensed financial statements have been presented in Jordanian Dinar which represents the functional currency of the Company.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Company’s annual financial statements as of 31 December 2022. In addition, the results for the nine-month period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

(2-2) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2022 except for the adoption of new amendments on the standards effective as of 1 January 2023 shown below:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

This standard is not applicable to the Company.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

These amendments had no material impact on the interim condensed financial statements of the Company.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides 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 to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

This standard is not applicable to the Company.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

These amendments had no material impact on the interim condensed financial statements of the Company.

(3) PROPERTY AND EQUIPMENT

During the ninth-month period ended 30 September 2023, the Company purchased property and equipment in the amount of JD 316,111 (30 September 2022: JD 287,077).

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2023 (UNAUDITED)

(4) PROJECTS IN PROGRESS

Additions to projects in progress amounted to JD 362,728 during the nine months ended 30 September 2023 (30 September 2022: JD 312,605).

Projects that were completed and transferred to property and equipment amounted to JD 304,544 during the nine months ended 30 September 2023 (30 September 2022: JD 459,862).

The estimated cost to complete the projects in progress is JD 3,819,026 as of 30 September 2023 (30 September 2022: JD 71,050). Management expects to complete these projects during the year 2025.

(5) INCOME TAX

No income tax was calculated for the Company for the period ended 30 September 2023 and 2022 due to deferred tax assets resulting from prior years losses in accordance with Income Tax Law No. (34) of 2014 and its amendments.

Income tax –

The income tax benefit appearing in the interim condensed statement of comprehensive income represents the following:

| | For the nine months ended 30 September | |
|--------------------------|---|------------------|
| | <u>2023</u> | <u>2022</u> |
| | JD | JD |
| Deferred tax asset | 139,106 | (75,641) |
| Deferred tax liabilities | <u>10,121</u> | <u>(41,635)</u> |
| | <u>149,227</u> | <u>(117,276)</u> |

The Company has submitted its income tax returns to the Income Tax Department up to the year 2022. The Income Tax Department did not review the Company's accounting records for the years 2019, 2020, 2021 up to the date of these interim condensed financial statements.

The Company obtained a final clearance from the Income Tax Department up to the year 2017 and the tax return for the year 2018 was accepted as part of sampling system.

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2023 (UNAUDITED)

Deferred tax assets -

Deferred tax assets represent the estimated tax effect of accumulated tax losses carried forward pertaining to the Company, which are expected to result in future tax benefits.

Movements on deferred tax assets were as follows:

| | 30 September 2023 | 31 December 2022 |
|--|----------------------|---------------------|
| | JD (Unaudited) | JD (Audited) |
| Beginning balance for the period/ year | 1,104,183 | 1,142,826 |
| Tax effect of accumulated tax losses carried forward | <u>(139,106)</u> | <u>(38,643)</u> |
| Ending balance for the period/ year | <u>965,077</u> | <u>1,104,183</u> |

Deferred tax liabilities -

This item represents deferred tax liability resulting from depreciation differences related to machinery and equipment and computer hardware and software, which are depreciated for financial reporting purposes at rates lower than those used in the computation of the provision for income tax.

Movements on deferred tax liabilities during the year were as follows:

| | 30 September 2023 | 31 December 2022 |
|--|----------------------|---------------------|
| | JD (Unaudited) | JD (Audited) |
| Beginning balance for the period/ year | 31,529 | 83,580 |
| Depreciation differences, net | <u>10,121</u> | <u>(52,051)</u> |
| Ending balance for the period/ year | <u>41,650</u> | <u>31,529</u> |

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2023 (UNAUDITED)

(6) RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

The schedule below illustrates the Company's right-of-use asset and lease obligations and the movements during the periods ended 30 September 2023 and 31 December 2022:

| | Right -of- use assets | | | Lease Obligation** |
|---|-----------------------|------------------------|------------------|-----------------------|
| | Land | Photovoltaic system | Total | |
| | JD | JD | JD | |
| For the period ended 30 September 2023 (Unaudited) | | | | |
| At 1 January | 554,803 | 1,359,799 | 1,914,602 | 1,920,009 |
| Depreciation | (72,894) | (55,629) | (128,523) | - |
| Finance costs | - | - | - | 126,137 |
| Payments* | - | - | - | (251,458) |
| Transferred to accounts payable | - | - | - | (53,229) |
| At 30 September | <u>481,909</u> | <u>1,304,170</u> | <u>1,786,079</u> | <u>1,741,459</u> |
| For the year ended 31 December 2022 (Audited) | | | | |
| At 1 January | 651,994 | 1,433,971 | 2,085,965 | 2,087,188 |
| Depreciation | (97,191) | (74,172) | (171,363) | - |
| Finance costs | - | - | - | 180,737 |
| Payments | - | - | - | (294,687) |
| Transferred to accounts payable | - | - | - | (53,229) |
| At 31 December | <u>554,803</u> | <u>1,359,799</u> | <u>1,914,602</u> | <u>1,920,009</u> |

* During the nine months ended 30 September 2023, an amount of JD 304,687 was paid, JD 53,229 of which was related to the last quarter of the year 2022.

** Lease obligation details are as follows:

| 30 September 2023 (Unaudited) | | | 31 December 2022 (Audited) | | |
|-------------------------------|------------------|------------------|----------------------------|------------------|------------------|
| Short-term | Long- term | Total | Short-term | Long- term | Total |
| JD | JD | JD | JD | JD | JD |
| <u>412,906</u> | <u>1,328,553</u> | <u>1,741,459</u> | <u>362,720</u> | <u>1,557,289</u> | <u>1,920,009</u> |

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2023 (UNAUDITED)

(7) CASH ON HAND AND AT BANKS

| | 30 September 2023 | 31 December 2022 |
|--|----------------------|---------------------|
| | JD (Unaudited) | JD (Audited) |
| Cash on hand | 7,917 | 9,413 |
| Cash at banks | 2,268,371 | 2,108,707 |
| Term deposit maturing within 3 months * | 4,492,213 | 1,757,867 |
| Term deposit maturing within 3 to 6 months | - | 2,000,000 |
| | <u>6,768,501</u> | <u>5,875,987</u> |

* Term deposit is made for varying periods between one day and 3 months depends on the Company's need for liquidity and bears average annual interest rates ranging from 1% to 6% (2022: from 1% to 5%).

(8) LEGAL RESERVES

The Company has made no transfers to statutory and voluntary reserves as per the Companies Law as these financial statements are interim financial statements.

(9) LOANS

This item consists of loans granted from the following parties:

| | Currency | 30 September 2023 (Unaudited) | | | 31 December 2022 (Audited) | | |
|------------------------------|----------|-------------------------------|------------------|------------------|----------------------------|------------------|------------------|
| | | Short-term | Long-term | Total | Short-term | Long-term | Total |
| | | JD | JD | JD | JD | JD | JD |
| Bank al Etihad | JD | 266,666 | 884,147 | 1,150,813 | 266,666 | 522,194 | 788,860 |
| Cairo Amman Bank | JD | 138,885 | 1,861,115 | 2,000,000 | - | 2,000,000 | 2,000,000 |
| | | 405,551 | 2,745,262 | 3,150,813 | 266,666 | 2,522,194 | 2,788,860 |
| Less: | | | | | | | |
| Unearned governmental grants | | (28,119) | (432,887) | (461,006) | (12,349) | (385,275) | (397,624) |
| | | <u>377,432</u> | <u>2,312,375</u> | <u>2,689,807</u> | <u>254,317</u> | <u>2,136,919</u> | <u>2,391,236</u> |

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2023 (UNAUDITED)

Bank al Etihad

On 2 March 2021, the Company signed a loan agreement in the amount of JD 2,000,000 backed by the Central Bank of Jordan to reinforce the tourism sector. The loan was granted to finance renovation projects of the Hotels facilities. The loan term is 9 years including a 24-month grace period and principal is paid in 15 semi-annual instalments (excluding interest) of JD 133,333, commencing on 30 April 2023 except for the last instalment which represents the remaining balance of the loan due on 30 April 2030 with an annual interest rate of 3.5%

Withdrawals from the loan are made in the form of payments upon submission of the borrower's invoices and claims that are certified by the consulting engineer that reflect the progress in the project.

Cairo Amman Bank

On 8 September 2020, the Company signed a loan agreement in the amount of JD 1,000,000 backed by the Central Bank of Jordan to reinforce the tourism sector. On 27 July 2021, the loan ceiling was increased by JD 1,000,000 to become JD 2,000,000. The loan was granted to the finance the operating expenses of the Hotel. The loan term is 10 years including a 24-month grace period. The loan is repaid in 96 monthly equal installments (interest not included) each installment amounted JD 20,833 starting on 30 May 2022 and ending on 30 April 2030 at an annual interest rate of 3%.

On 18 April 2022, the grace period changed from 24 months to 48 months and principal is paid in 72 equal monthly instalments (excluding interest) of JD 27,777 each, commencing on 30 May 2024 and ending on 30 April 2030 with the same interest rate.

Withdrawals are against the borrower presenting invoices representing the operating expenses of the Hotel. The Company has utilized the total balance of the loan during 2022.

The un-utilized portion of the loans amounted to JD 849,187 as of 30 September 2023 (30 September 2022: JD 1,211,140).

The amounts of annual payments of the loan and their maturities are as follows:

| Period | JD |
|------------------------------------|------------------|
| 1 October 2023 – 30 September 2024 | 405,551 |
| 1 October 2024 – 30 September 2025 | 599,990 |
| 1 October 2025 – 30 September 2026 | 599,990 |
| 1 October 2026 – 30 September 2027 | 599,990 |
| 1 October 2027 – 30 September 2028 | 417,473 |
| 1 October 2028 and thereafter | 527,819 |
| | <u>3,150,813</u> |

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2023 (UNAUDITED)

(10) RELATED PARTIES

Related parties represent major shareholders, key management personnel of the Company, the Board of Directors, and other related parties. The Company's management approves the pricing and the terms of transactions with the related parties.

Balances with related parties included in the interim condensed statement of financial position are as follows:

| | 30 September 2023 | 31 December 2022 |
|--|----------------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Assets - | | |
| Financial assets at fair value through other comprehensive income - Himmeh Solar Power (Sister Company) | 2,400 | 2,400 |
| Other current assets - Jordan Hotels Supplies (Sister Company) | 24,960 | 70,827 |
| Cash on hand and at banks - Bank al Etihad, Arab Bank and Cairo Amman Bank (Shareholders) | 6,760,584 | 5,866,574 |
| Liabilities – | | |
| Loans - Bank al Etihad and Cairo Amman Bank (Shareholders) | 3,150,813 | 2,788,860 |
| Other current liabilities - Jordan Hotels Supplies (Sister Company) | - | 28,933 |
| Due to a related party - Zara Investment Holding Company | 4,924 | 82,025 |
| Himmeh Solar Power | 32,531 | 28,703 |
| | 37,455 | 110,728 |

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2023 (UNAUDITED)

Transactions with related parties included in the interim condensed statement of comprehensive income are as follows:

| | For the nine months ended 30 September | |
|---|---|---------------|
| | 2023 | 2022 |
| | JD | JD |
| Administrative expenses – Zara Investment (Holding) Company (Main shareholder) | <u>75,000</u> | <u>75,000</u> |
| Rent expenses – Zara Investment (Holding) Company (Main shareholder) | <u>20,093</u> | <u>20,093</u> |
| Finance costs- Arab Bank and Cairo Amman Bank (Shareholders) | <u>66,215</u> | <u>36,376</u> |
| Rent income – Arab Bank (Shareholder) | <u>4,125</u> | <u>4,125</u> |
| Interest income – Bank al Etihad and Arab Bank (Shareholders) | <u>159,021</u> | <u>30,301</u> |

Summary of key management salaries, remunerations and other benefits is as follows:

| | For the nine months ended 30 September | |
|---|---|---------------|
| | 2023 | 2022 |
| | JD | JD |
| Key management salaries and remunerations | <u>17,250</u> | <u>50,655</u> |
| Board of Directors' transportations and remunerations | <u>113,750</u> | <u>53,550</u> |

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2023 (UNAUDITED)

(11) SEGMENT INFORMATION

| | Intercontinental Hotel Jordan* | Dar Stores (Retail) | Total |
|--|-----------------------------------|------------------------|-------------------------|
| | JD | JD | JD |
| For the period ended 30 September 2023 (Unaudited)- | | | |
| Operating revenue | 11,778,096 | 204,508 | 11,982,604 |
| Operating expenses | <u>(9,240,046)</u> | <u>(156,571)</u> | <u>(9,396,617)</u> |
| Net operating revenues | <u>2,538,050</u> | <u>47,937</u> | <u>2,585,987</u> |
| Other information- | | | |
| Other income | 13,365 | 113 | 13,478 |
| Depreciation of property and equipment | 1,285,911 | 23,922 | 1,309,833 |
| Administrative expenses | 311,653 | 54,533 | 366,186 |
| For the period ended 30 September 2022 (Audited)- | | | |
| Operating revenues | 9,930,932 | 203,991 | 10,134,923 |
| Operating expenses | <u>(8,347,473)</u> | <u>(155,550)</u> | <u>(8,503,023)</u> |
| Net operating losses | <u>1,583,459</u> | <u>48,441</u> | <u>1,631,900</u> |
| Other information- | | | |
| Other income | 12,623 | 8 | 12,631 |
| Depreciation of property and equipment | 1,294,239 | 26,265 | 1,320,504 |
| Administrative expenses | 590,826 | 42,678 | 633,504 |

* The Hotel's net operating revenue are as per the following:

| | For the nine-month period ended 30 September | |
|----------------------------|---|-------------------------|
| | 2023 | 2022 |
| | JD | JD |
| Operating Revenue - | | |
| Rooms revenue | 5,737,506 | 4,810,010 |
| Food and beverage revenue | 5,404,902 | 4,566,252 |
| Other departments revenue | <u>635,688</u> | <u>554,670</u> |
| | <u>11,778,096</u> | <u>9,930,932</u> |

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2023 (UNAUDITED)

| | For the nine-month period ended 30 September | |
|---------------------------------------|---|------------------|
| | 2023 | 2022 |
| | JD | JD |
| Operating Expenses - | | |
| Rooms expenses | 1,156,421 | 1,055,568 |
| Food and beverage expenses | 3,652,221 | 3,189,999 |
| Other departments expenses | 428,479 | 414,024 |
| Administration and marketing expenses | 4,002,925 | 3,687,882 |
| | <u>9,240,046</u> | <u>8,347,473</u> |
| Net operating revenues | <u>2,538,050</u> | <u>1,583,459</u> |

(12) LITIGATIONS

The Company is a defendant in a number of lawsuits in the amount of JD 17,765 as of 30 September 2023 (31 December 2022: JD 52,199). The Company and its legal advisor believe that the Company's position is strong against these lawsuits and there is no need for any provision except for what has been recorded. The Company is plaintiff in lawsuits against others in the amount of JD 98,054 as of 30 September 2023 (31 December 2022: JD 159,736).